

110TH CONGRESS
2D SESSION

H. R. 6817

To increase domestic energy production and diversify America's energy portfolio.

IN THE HOUSE OF REPRESENTATIVES

AUGUST 1, 2008

Mr. MATHESON (for himself, Mr. DOYLE, Mr. ALTMIRE, Mr. MELANCON, Mr. DONNELLY, and Mr. TANNER) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Natural Resources, Energy and Commerce, Science and Technology, and Agriculture, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To increase domestic energy production and diversify
America's energy portfolio.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fulfilling U.S. Energy
5 Leadership Act of 2008”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—PRODUCTION: OCS

- Sec. 101. Inventory and leasing of Outer Continental Shelf oil and natural gas resources.
- Sec. 102. Conforming amendments to moratoria on use of appropriations.
- Sec. 103. Disposition of royalties.
- Sec. 104. Reports on due diligence in development of leases.
- Sec. 105. Limitations.

TITLE II—UNCONVENTIONAL FUELS

- Sec. 201. Standby loans for qualifying coal-to-liquids projects.
- Sec. 202. Oil shale leasing.

TITLE III—STUDY OF ENERGY TRANSMISSION BARRIERS AND OPPORTUNITIES

- Sec. 301. Study required.

TITLE IV—NEXT GENERATION ENERGY AND EFFICIENCY FUND

- Sec. 401. Next Generation Energy and Efficiency Fund.

TITLE V—ADDRESSING TRANSPARENCY AND DATA SHARING IN SPECULATION

- Sec. 501. Commission authority over traders.
- Sec. 502. Speculative limits and transparency for off-shore oil trading.
- Sec. 503. Additional commission employees for improved enforcement.
- Sec. 504. Study of international regulation of energy commodity markets.
- Sec. 505. Index traders and swap dealers.
- Sec. 506. Disaggregation of index funds and other data in energy markets.

TITLE VI—NUCLEAR ENERGY

- Sec. 601. Study of impact on greenhouse gas reductions.
- Sec. 602. Study of possible cost reductions.
- Sec. 603. Authorization for Nuclear Power 2010 Program.
- Sec. 604. Establishment of Interagency Working Group.
- Sec. 605. Nuclear energy workforce.

TITLE VII—ENERGY TAX INCENTIVES

- Sec. 700. Reference.

Subtitle A—Energy Production Incentives

PART 1—RENEWABLE ENERGY INCENTIVES

- Sec. 701. Renewable energy credit.
- Sec. 702. Production credit for electricity produced from marine renewables.
- Sec. 703. Energy credit.
- Sec. 704. Credit for residential energy efficient property.
- Sec. 705. Special rule to implement FERC and State electric restructuring policy.
- Sec. 706. New clean renewable energy bonds.

PART 2—CARBON MITIGATION PROVISIONS

- Sec. 711. Expansion and modification of advanced coal project investment credit.
- Sec. 712. Expansion and modification of coal gasification investment credit.
- Sec. 713. Temporary increase in coal excise tax.
- Sec. 714. Special rules for refund of the coal excise tax to certain coal producers and exporters.
- Sec. 715. Carbon audit of the tax code.

Subtitle B—Transportation and Domestic Fuel Security Provisions

- Sec. 721. Inclusion of cellulosic biofuel in bonus depreciation for biomass ethanol plant property.
- Sec. 722. Credits for biodiesel and renewable diesel.
- Sec. 723. Clarification that credits for fuel are designed to provide an incentive for United States production.
- Sec. 724. Credit for new qualified plug-in electric drive motor vehicles.
- Sec. 725. Exclusion from heavy truck tax for idling reduction units and advanced insulation.
- Sec. 726. Restructuring of New York Liberty Zone tax credits.
- Sec. 727. Transportation fringe benefit to bicycle commuters.
- Sec. 728. Alternative fuel vehicle refueling property credit.

Subtitle C—Energy Conservation and Efficiency Provisions

- Sec. 731. Qualified energy conservation bonds.
- Sec. 732. Credit for nonbusiness energy property.
- Sec. 733. Energy efficient commercial buildings deduction.
- Sec. 734. Modifications of energy efficient appliance credit for appliances produced after 2007.
- Sec. 735. Accelerated recovery period for depreciation of smart meters and smart grid systems.
- Sec. 736. Qualified green building and sustainable design projects.

Subtitle D—Revenue Provision

- Sec. 741. Delay in application of worldwide allocation of interest.

- 1 **TITLE I—PRODUCTION: OCS**
- 2 **SEC. 101. INVENTORY AND LEASING OF OUTER CONTI-**
- 3 **NENTAL SHELF OIL AND NATURAL GAS RE-**
- 4 **SOURCES.**
- 5 (a) INVENTORY.—
- 6 (1) IN GENERAL.—Except as otherwise pro-
- 7 vided in subsection (c), the Secretary of the Interior
- 8 (in this section referred to as the “Secretary”) may
- 9 conduct an inventory in accordance with this sub-

1 section of oil and natural gas resources beneath the
2 waters of the Outer Continental Shelf (as defined in
3 section 2 of the Outer Continental Shelf Lands Act
4 (43 U.S.C. 1331)), other than beneath such waters
5 located in the Gulf of Mexico.

6 (2) BEST TECHNOLOGY AVAILABLE.—In con-
7 ducting the inventory, the Secretary shall use the
8 best technology available to obtain accurate resource
9 estimates.

10 (3) REPORTS.—The Secretary shall submit to
11 Congress and the requesting Governor a report on
12 any inventory conducted under this section.

13 (b) LEASING.—Except as otherwise provided in sub-
14 section (c), the Secretary shall offer for oil and natural
15 gas leasing pursuant to the Outer Continental Shelf Lands
16 Act (43 U.S.C. 1331 et seq.) by as soon as practicable
17 after the date of enactment of this Act all areas for which
18 an inventory has been conducted under subsection (a).

19 (c) LIMITATIONS.—The Secretary may not under this
20 section—

21 (1) conduct an inventory under this section or
22 any offshore oil and natural gas preleasing, leasing,
23 or related activities for any area of the Outer Conti-
24 nental Shelf located within 50 miles of the coastline;

1 (2) conduct an inventory under this section or
2 any offshore oil and natural gas preleasing, leasing,
3 or related activities for any area of the Outer Conti-
4 nental Shelf located more than 50 miles and less
5 than 100 miles from the coastline of a State, if the
6 State has enacted a statute that objects to conduct
7 of the inventory in that area.

8 **SEC. 102. CONFORMING AMENDMENTS TO MORATORIA ON**
9 **USE OF APPROPRIATIONS.**

10 The Department of the Interior, Environment, and
11 Related Agencies Appropriations Act, 2008 (division F of
12 Public Law 110–161) is amended—

13 (1) in section 104 (121 Stat. 2118) by striking
14 “the areas of northern, central, and southern Cali-
15 fornia; the North Atlantic; Washington and Oregon;
16 and”; and

17 (2) by striking 105 (121 Stat. 2118).

18 **SEC. 103. DISPOSITION OF ROYALTIES.**

19 Notwithstanding any other provision of law, of
20 amounts received by the United States as royalties under
21 any oil and gas lease of an area of the Outer Continental
22 Shelf issued after the date of the enactment of this Act
23 under this title—

24 (1) 50 percent shall be deposited—

1 (A) during the 10-year period beginning on
2 the first date amounts are received by the
3 United States as royalties under a lease issued
4 under this title, into the Next Generation En-
5 ergy and Efficiency Fund established by title
6 IV; and

7 (B) after such period, into the general
8 fund of the Treasury;

9 (2) 37.5 percent shall be paid, in equal
10 amounts, to the States that are affected States (as
11 that term is defined in section 2 of the Outer Conti-
12 nental Shelf Lands Act (43 U.S.C. 1331) with re-
13 spect to the lease tract; and

14 (3) 12.5 percent shall be available to provide fi-
15 nancial assistance to States in accordance with sec-
16 tion 6 of the Land and Water Conservation Fund
17 Act of 1965 (16 U.S.C. 4601–8), which shall be con-
18 sidered income to the Land and Water Conservation
19 Fund for purposes of section 2 of that Act (16
20 U.S.C. 4601–5).

21 **SEC. 104. REPORTS ON DUE DILIGENCE IN DEVELOPMENT**
22 **OF LEASES.**

23 The Secretary of the Interior shall issue regulations
24 that require that the holder of a Federal oil and gas lease
25 for the Outer Continental Shelf shall periodically submit

1 a report to the Secretary describing the actions that have
 2 been taken under the lease that demonstrate due diligence
 3 in the development of oil and gas resources under the
 4 lease.

5 **SEC. 105. LIMITATIONS.**

6 Noting in this Act shall be considered to affect—

7 (1) any restriction on drilling for natural gas or
 8 oil, or on the expenditure of funds for leasing Fed-
 9 eral lands for such drilling, in any of the Great
 10 Lakes; or

11 (2) any regulations governing drilling for nat-
 12 ural gas or oil on the Outer Continental Shelf.

13 **TITLE II—UNCONVENTIONAL**
 14 **FUELS**

15 **SEC. 201. STANDBY LOANS FOR QUALIFYING COAL-TO-LIQ-**
 16 **UIDS PROJECTS.**

17 Section 1702 of the Energy Policy Act of 2005 (42
 18 U.S.C. 16512) is amended by adding at the end the fol-
 19 lowing new subsection:

20 “(k) STANDBY LOANS FOR QUALIFYING CTL
 21 PROJECTS.—

22 “(1) DEFINITIONS.—For purposes of this sub-
 23 section:

24 “(A) CAP PRICE.—The term ‘cap price’
 25 means a market price specified in the standby

1 loan agreement above which the project is re-
2 quired to make payments to the United States.

3 “(B) FULL TERM.—The term ‘full term’
4 means the full term of a standby loan agree-
5 ment, as specified in the agreement, which shall
6 not exceed the lesser of 30 years or 90 percent
7 of the projected useful life of the project (as de-
8 termined by the Secretary).

9 “(C) MARKET PRICE.—The term ‘market
10 price’ means the average quarterly price of a
11 petroleum price index specified in the standby
12 loan agreement.

13 “(D) MINIMUM PRICE.—The term ‘min-
14 imum price’ means a market price specified in
15 the standby loan agreement below which the
16 United States is obligated to make disburse-
17 ments to the project.

18 “(E) OUTPUT.—The term ‘output’ means
19 some or all of the liquid or gaseous transpor-
20 tation fuels produced from the project, as speci-
21 fied in the loan agreement.

22 “(F) PRIMARY TERM.—The term ‘primary
23 term’ means the initial term of a standby loan
24 agreement, as specified in the agreement, which
25 shall not exceed the lesser of 20 years or 75

1 percent of the projected useful life of the
2 project (as determined by the Secretary).

3 “(G) QUALIFYING CTL PROJECT.—The
4 term ‘qualifying CTL project’ means—

5 “(i) a commercial-scale project that
6 converts coal to one or more liquid or gas-
7 eous transportation fuels; or

8 “(ii) not more than one project at a
9 facility that converts petroleum refinery
10 waste products, including petroleum coke,
11 into one or more liquids or gaseous trans-
12 portation fuels,

13 that demonstrates the capture, and sequestra-
14 tion or disposal or use of, the carbon dioxide
15 produced in the conversion process, and that,
16 on the basis of a carbon dioxide sequestration
17 plan prepared by the applicant, is certified by
18 the Administrator of the Environmental Protec-
19 tion Agency, in consultation with the Secretary,
20 as producing fuel with life cycle carbon dioxide
21 emissions at or below the average life cycle car-
22 bon dioxide emissions for the same type of fuel
23 produced at traditional petroleum based facili-
24 ties with similar annual capacities.

1 “(H) STANDBY LOAN AGREEMENT.—The
2 term ‘standby loan agreement’ means a loan
3 agreement entered into under paragraph (2).

4 “(2) STANDBY LOANS.—

5 “(A) LOAN AUTHORITY.—The Secretary
6 may enter into standby loan agreements with
7 not more than six qualifying CTL projects, at
8 least one of which shall be a project jointly or
9 in part owned by two or more small coal pro-
10 ducers. Such an agreement—

11 “(i) shall provide that the Secretary
12 will make a direct loan (within the mean-
13 ing of section 502(1) of the Federal Credit
14 Reform Act of 1990) to the qualifying
15 CTL project; and

16 “(ii) shall set a cap price and a min-
17 imum price for the primary term of the
18 agreement.

19 “(B) LOAN DISBURSEMENTS.—Such a loan
20 shall be disbursed during the primary term of
21 such agreement whenever the market price falls
22 below the minimum price. The amount of such
23 disbursements in any calendar quarter shall be
24 equal to the excess of the minimum price over
25 the market price, times the output of the

1 project (but not more than a total level of dis-
2 bursements specified in the agreement).

3 “(C) LOAN REPAYMENTS.—The Secretary
4 shall establish terms and conditions, including
5 interest rates and amortization schedules, for
6 the repayment of such loan within the full term
7 of the agreement, subject to the following limi-
8 tations:

9 “(i) If in any calendar quarter during
10 the primary term of the agreement the
11 market price is less than the cap price, the
12 project may elect to defer some or all of its
13 repayment obligations due in that quarter.
14 Any unpaid obligations will continue to ac-
15 crue interest.

16 “(ii) If in any calendar quarter during
17 the primary term of the agreement the
18 market price is greater than the cap price,
19 the project shall meet its scheduled repay-
20 ment obligation plus deferred repayment
21 obligations, but shall not be required to
22 pay in that quarter an amount that is
23 more than the excess of the market price
24 over the cap price, times the output of the
25 project.

1 “(iii) At the end of the primary term
2 of the agreement, the cumulative amount
3 of any deferred repayment obligations, to-
4 gether with accrued interest, shall be am-
5 ortized (with interest) over the remainder
6 of the full term of the agreement.

7 “(3) PROFIT-SHARING.—The Secretary is au-
8 thorized to enter into a profit-sharing agreement
9 with the project at the time the standby loan agree-
10 ment is executed. Under such an agreement, if the
11 market price exceeds the cap price in a calendar
12 quarter, a profit-sharing payment shall be made for
13 that quarter, in an amount equal to—

14 “(A) the excess of the market price over
15 the cap price, times the output of the project;
16 less

17 “(B) any loan repayments made for the
18 calendar quarter.

19 “(4) COMPLIANCE WITH FEDERAL CREDIT RE-
20 FORM ACT.—

21 “(A) UPFRONT PAYMENT OF COST OF
22 LOAN.—No standby loan agreement may be en-
23 tered into under this subsection unless the
24 project makes a payment to the United States
25 that the Office of Management and Budget de-

1 termines is equal to the cost of such loan (de-
2 termined under 502(5)(B) of the Federal Credit
3 Reform Act of 1990). Such payment shall be
4 made at the time the standby loan agreement is
5 executed.

6 “(B) MINIMIZATION OF RISK TO THE GOV-
7 ERNMENT.—In making the determination of the
8 cost of the loan for purposes of setting the pay-
9 ment for a standby loan under subparagraph
10 (A), the Secretary and the Office of Manage-
11 ment and Budget shall take into consideration
12 the extent to which the minimum price and the
13 cap price reflect historical patterns of volatility
14 in actual oil prices relative to projections of fu-
15 ture oil prices, based upon publicly available
16 data from the Energy Information Administra-
17 tion, and employing statistical methods and
18 analyses that are appropriate for the analysis of
19 volatility in energy prices.

20 “(C) TREATMENT OF PAYMENTS.—The
21 value to the United States of a payment under
22 subparagraph (A) and any profit-sharing pay-
23 ments under paragraph (3) shall be taken into
24 account for purposes of section 502(5)(B)(iii) of
25 the Federal Credit Reform Act of 1990 in de-

termining the cost to the Federal Government of a standby loan made under this subsection. If a standby loan has no cost to the Federal Government, the requirements of section 504(b) of such Act shall be deemed to be satisfied.

“(5) OTHER PROVISIONS.—

“(A) NO DOUBLE BENEFIT.—A project receiving a loan under this subsection may not, during the primary term of the loan agreement, receive a Federal loan guarantee under subsection (a) of this section, or under other laws.

“(B) SUBROGATION, ETC.—Subsections (g)(2) (relating to subrogation), (h) (relating to fees), and (j) (relating to full faith and credit) shall apply to standby loans under this subsection to the same extent they apply to loan guarantees.”.

SEC. 202. OIL SHALE LEASING.

(a) REPEAL OF RESTRICTION.—Section 433 of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2008 (division F of Public Law 110–161; 121 Stat. 2152) is repealed.

(b) STATE AUTHORITY TO PROHIBIT OIL SHALE LEASING.—Section 369 of the Energy Policy Act of 2005

1 (42 U.S.C. 15927) is amended by adding at the end the
 2 following:

3 “(t) STATE AUTHORITY TO PROHIBIT OIL SHALE
 4 LEASING.—No lease may be issued under this section, sec-
 5 tion 21 of the Mineral Leasing Act (30 U.S.C. 241), or
 6 any other law, for exploration, research, development, or
 7 production of oil shale on lands located in a State, if the
 8 State has enacted a law prohibiting Federal oil shale leas-
 9 ing in the State.”.

10 **TITLE III—STUDY OF ENERGY**
 11 **TRANSMISSION BARRIERS**
 12 **AND OPPORTUNITIES**

13 **SEC. 301. STUDY REQUIRED.**

14 Not later than 2 years after the date of enactment
 15 of this Act, the Secretary of the Interior shall complete
 16 a study of—

17 (1) barriers to additional access to Federal
 18 lands for transmission of energy;

19 (2) the need for energy transmission corridors
 20 on public lands to address identified congestion or
 21 constraints; and

22 (3) efficiencies and improvements that may be
 23 made to existing infrastructure for transmission of
 24 energy on Federal lands, in lieu of construction of
 25 new infrastructure.

1 **TITLE IV—NEXT GENERATION**
2 **ENERGY AND EFFICIENCY FUND**

3 **SEC. 401. NEXT GENERATION ENERGY AND EFFICIENCY**
4 **FUND.**

5 (a) **ESTABLISHMENT.**—There is hereby established in
6 the Treasury of the United States the “Next Generation
7 Energy and Efficiency Fund” (in this section referred to
8 as “the Fund”).

9 (b) **ADMINISTRATION.**—The Secretary of Energy
10 shall be responsible for administering the Fund for the
11 purpose of carrying out this section.

12 (c) **CONTENTS.**—The Fund shall consist of amounts
13 deposited into the Fund under section 103(1)(A). Such
14 deposits shall cease after \$40,000,000,000 has been de-
15 posited, or 10 years of deposits have been made, whichever
16 occurs first.

17 (d) **PURPOSE.**—The Fund shall be used for the pur-
18 pose of research and development of technologies that will
19 significantly decrease America’s reliance on traditional
20 fossil fuels and increase energy efficiencies, including wind
21 energy, solar energy, marine and hydrokinetic energy, geo-
22 thermal energy, hydrogen energy, vehicle energy efficiency
23 and environmental performance, industrial processes en-
24 ergy efficiencies, building and lighting energy efficiencies,

1 smart grid technology, and energy storage systems to sup-
 2 port electric drive vehicles.

3 (e) IDENTIFICATION OF PROGRAMS.—Not later than
 4 18 months after the date of enactment of this Act, the
 5 Secretary of Energy shall identify programs of the Depart-
 6 ment of Energy described in subsection (d) for funding
 7 from the Fund, including the Advanced Research Projects
 8 Agency-Energy.

9 (f) AVAILABILITY OF FUND.—After the Secretary of
 10 Energy has completed the identification of programs
 11 under subsection (e), amounts in the Fund shall be avail-
 12 able, without further appropriation, for carrying out such
 13 programs.

14 **TITLE V—ADDRESSING TRANS-** 15 **PARENCY AND DATA SHAR-** 16 **ING IN SPECULATION**

17 **SEC. 501. COMMISSION AUTHORITY OVER TRADERS.**

18 Section 4 of the Commodity Exchange Act (7 U.S.C.
 19 6) is amended by adding at the end the following:

20 “(e) COMMISSION AUTHORITY OVER TRADERS.—

21 “(1) IN GENERAL.—Notwithstanding any other
 22 provision of this section or any determination made
 23 by the Commission to grant relief from the require-
 24 ments of subsection (a) to become a designated con-
 25 tract market, derivatives transaction execution facil-

1 ity, or other registered entity, in the case of a person
2 located within the United States, or otherwise sub-
3 ject to the jurisdiction of the Commission, trading
4 on a foreign board of trade, exchange, or market lo-
5 cated outside the United States (including the terri-
6 tories and/or possessions of the United States), the
7 Commission shall have authority under this Act—

8 “(A) to apply and enforce section 9, in-
9 cluding provisions relating to manipulation or
10 attempted manipulation, the making of false
11 statements, and willful violations of this Act;

12 “(B) to require or direct the person to
13 limit, reduce, or liquidate any position to pre-
14 vent or reduce the threat of price manipulation,
15 excessive speculation, price distortion, or dis-
16 ruption of delivery or the cash settlement proc-
17 ess; and

18 “(C) to apply such recordkeeping require-
19 ments as the Commission determines are nec-
20 essary.

21 “(2) CONSULTATION.—Prior to the issuance of
22 any order under paragraph (1) to reduce a position
23 on a foreign board of trade, exchange, or market lo-
24 cated outside the United States (including the terri-
25 tories and possessions of the United States), the

1 Commission shall consult with the foreign board of
 2 trade, exchange, or market and the appropriate reg-
 3 ulatory authority.

4 “(3) ADMINISTRATION.—Nothing in this sub-
 5 section limits any of the otherwise applicable au-
 6 thorities of the Commission.”.

7 **SEC. 502. SPECULATIVE LIMITS AND TRANSPARENCY FOR**
 8 **OFF-SHORE OIL TRADING.**

9 Section 4 of the Commodity Exchange Act (7 U.S.C.
 10 6), as amended by section 501 of this Act, is amended
 11 by adding at the end the following:

12 “(f) FOREIGN BOARDS OF TRADE.—

13 “(1) IN GENERAL.—In the case of any foreign
 14 board of trade for which the Commission has grant-
 15 ed or is considering an application to grant a board
 16 of trade located outside of the United States relief
 17 from the requirement of subsection (a) to become a
 18 designated contract market, derivatives transaction
 19 execution facility, or other registered entity, with re-
 20 spect to an energy commodity that is physically de-
 21 livered in the United States, prior to continuing to
 22 or initially granting the relief, the Commission shall
 23 determine that the foreign board of trade—

24 “(A) applies comparable principles or re-
 25 quirements regarding the daily publication of

1 trading information and position limits or ac-
2 countability levels for speculators as apply to a
3 designated contract market, derivatives trans-
4 action execution facility, or other registered en-
5 tity trading energy commodities physically deliv-
6 ered in the United States; and

7 “(B) provides such information to the
8 Commission regarding the extent of speculative
9 and nonspeculative trading in the energy com-
10 modity that is comparable to the information
11 the Commission determines necessary to publish
12 a Commitment of Traders report for a des-
13 ignated contract market, derivatives transaction
14 execution facility, or other registered entity
15 trading energy commodities physically delivered
16 in the United States.

17 “(2) EXISTING FOREIGN BOARDS OF TRADE.—

18 During the period beginning 1 year after the date of
19 enactment of this subsection and ending 18 months
20 after the date of enactment of this subsection, the
21 Commission shall determine whether to continue to
22 grant relief in accordance with paragraph (1) to any
23 foreign board of trade for which the Commission
24 granted relief prior to the date of enactment of this
25 subsection.”.

1 **SEC. 503. ADDITIONAL COMMISSION EMPLOYEES FOR IM-**
2 **PROVED ENFORCEMENT.**

3 Section 2(a)(7) of the Commodity Exchange Act (7
4 U.S.C. 2(a)(7)) is amended by adding at the end the fol-
5 lowing:

6 “(D) ADDITIONAL EMPLOYEES.—As soon
7 as practicable after the date of enactment of
8 this subparagraph, the Commission shall ap-
9 point at least 100 full-time employees (in addi-
10 tion to the employees employed by the Commis-
11 sion as of the date of the enactment of this sub-
12 paragraph)—

13 “(i) to increase the public trans-
14 parency of operations in energy futures
15 markets;

16 “(ii) to improve the enforcement of
17 this Act in those markets; and

18 “(iii) to carry out such other duties as
19 are prescribed by the Commission.”.

20 **SEC. 504. STUDY OF INTERNATIONAL REGULATION OF EN-**
21 **ERGY COMMODITY MARKETS.**

22 (a) IN GENERAL.—The Comptroller General of the
23 United States shall conduct a study of the international
24 regime for regulating the trading of energy commodity fu-
25 tures and derivatives.

1 (b) ANALYSIS.—The study shall include an analysis
2 of, at a minimum—

3 (1) key common features and differences among
4 countries in the regulation of energy commodity
5 trading, including with respect to market oversight
6 and enforcement;

7 (2) agreements and practices for sharing mar-
8 ket and trading data;

9 (3) the use of position limits or thresholds to
10 detect and prevent price manipulation, excessive
11 speculation, or other unfair trading practices;

12 (4) practices regarding the identification of
13 commercial and noncommercial trading and the ex-
14 tent of market speculation; and

15 (5) agreements and practices for facilitating
16 international cooperation on market oversight, com-
17 pliance, and enforcement.

18 (c) REPORT.—Not later than 120 days after the date
19 of enactment of this Act, the Comptroller General shall
20 submit to the appropriate committees of Congress a report
21 that—

22 (1) describes the results of the study; and

23 (2) provides recommendations to improve open-
24 ness, transparency, and other necessary elements of
25 a properly functioning market in a manner that pro-

1 tects consumers in the United States from the ef-
2 fects of excessive speculation and energy price vola-
3 tility.

4 **SEC. 505. INDEX TRADERS AND SWAP DEALERS.**

5 Section 4 of the Commodity Exchange Act (7 U.S.C.
6 6), as amended by sections 501 and 502 of this Act, is
7 amended by adding at the end the following:

8 “(g) INDEX TRADERS AND SWAP DEALERS.—Not
9 later than 60 days after the date of the enactment of this
10 subsection, the Commission shall—

11 “(1) routinely require detailed reporting from
12 index traders and swap dealers in markets under the
13 jurisdiction of the Commission;

14 “(2) reclassify the types of traders for regu-
15 latory and reporting purposes to distinguish between
16 index traders and swaps dealers; and

17 “(3) review the trading practices for index trad-
18 ers in markets under the jurisdiction of the Commis-
19 sion—

20 “(A) to ensure that index trading is not
21 adversely impacting the price discovery process;
22 and

23 “(B) to determine whether different prac-
24 tices or regulations should be implemented.”.

1 **SEC. 506. DISAGGREGATION OF INDEX FUNDS AND OTHER**
 2 **DATA IN ENERGY MARKETS.**

3 Section 4 of the Commodity Exchange Act (7 U.S.C.
 4 6), as amended by sections 501, 502, and 505 of this Act,
 5 is amended by adding at the end the following:

6 “(h) DISAGGREGATION OF INDEX FUNDS AND DATA
 7 IN ENERGY MARKETS.—The Commission shall
 8 disaggregate and make public monthly—

9 “(1) the number of positions and total value of
 10 index funds and other passive, long-only positions in
 11 energy markets; and

12 “(2) data on speculative positions relative to
 13 bona fide physical hedgers in those markets.”.

14 **TITLE VI—NUCLEAR ENERGY**

15 **SEC. 601. STUDY OF IMPACT ON GREENHOUSE GAS REDUC-**
 16 **TIONS.**

17 Not later than 18 months after the date of the enact-
 18 ment of this Act, the Secretary of Energy shall study and
 19 report to the Congress on the effect that expanding nu-
 20 clear energy production would have on reducing green-
 21 house gases.

22 **SEC. 602. STUDY OF POSSIBLE COST REDUCTIONS.**

23 Not later than 18 months after the date of the enact-
 24 ment of this Act, the Secretary of Energy shall study and
 25 report to the Congress on the effect that expanding nu-
 26 clear energy production would have on reducing the cost

1 of an average kilowatt hour to commercial power cus-
2 tomers.

3 **SEC. 603. AUTHORIZATION FOR NUCLEAR POWER 2010 PRO-**
4 **GRAM.**

5 Section 952 of the Energy Policy Act of 2005 (42
6 U.S.C. 16272) is amended by striking subsection (c) and
7 inserting the following:

8 “(c) NUCLEAR POWER 2010 PROGRAM.—

9 “(1) IN GENERAL.—The Secretary shall carry
10 out a Nuclear Power 2010 Program to position the
11 United States to commence construction of new nu-
12 clear power plants by not later than—

13 “(A) calendar year 2010; or

14 “(B) such first calendar year after cal-
15 endar year 2010 as is practicable.

16 “(2) SCOPE OF PROGRAM.—The Nuclear Power
17 2010 Program shall support the objectives of—

18 “(A) demonstrating the licensing process
19 for new nuclear power plants, including the Nu-
20 clear Regulatory Commission process for ob-
21 taining—

22 “(i) early site permits;

23 “(ii) combined construction or oper-
24 ating licenses; and

25 “(iii) design certifications; and

1 “(B) conducting first-of-a-kind design and
 2 engineering work on at least 2 advanced nu-
 3 clear reactor designs sufficient to bring those
 4 designs to a state of design completion suffi-
 5 cient to allow development of firm cost esti-
 6 mates.

7 “(3) COST-SHARING.—The Nuclear Power 2010
 8 Program shall be carried out through the use of
 9 cost-sharing with the private sector.

10 “(4) AUTHORIZATION OF APPROPRIATIONS.—
 11 There are authorized to be appropriated to the Sec-
 12 retary to carry out the Nuclear Power 2010 Pro-
 13 gram—

14 “(A) \$182,800,000 for fiscal year 2009;

15 “(B) \$159,600,000 for fiscal year 2010;

16 “(C) \$135,600,000 for fiscal year 2011;

17 “(D) \$46,900,000 for fiscal year 2012;

18 and

19 “(E) \$2,200,000 for fiscal year 2013.”.

20 **SEC. 604. ESTABLISHMENT OF INTERAGENCY WORKING**
 21 **GROUP.**

22 (a) PURPOSES.—The purposes of this section are—
 23 (1) to increase the competitiveness of the
 24 United States nuclear energy products and services
 25 industries;

1 (2) to identify the stimulus or incentives nec-
2 essary to cause United States manufacturers of nu-
3 clear energy products to expand manufacturing ca-
4 pacity;

5 (3) to facilitate the export of United States nu-
6 clear energy products and services;

7 (4) to reduce the trade deficit of the United
8 States through the export of United States nuclear
9 energy products and services;

10 (5) to retain and create nuclear energy manu-
11 facturing and related service jobs in the United
12 States;

13 (6) to integrate the objectives described in para-
14 graphs (1) through (5), in a manner consistent with
15 the interests of the United States, into the foreign
16 policy of the United States; and

17 (7) to authorize funds for increasing United
18 States capacity to manufacture nuclear energy prod-
19 ucts and supply nuclear energy services.

20 (b) ESTABLISHMENT.—

21 (1) IN GENERAL.—There is established an
22 interagency working group (referred to in this sec-
23 tion as the “Working Group”) that, in consultation
24 with representative industry organizations and man-
25 ufacturers of nuclear energy products, shall make

1 recommendations to coordinate the actions and pro-
2 grams of the Federal Government in order to pro-
3 mote increasing domestic manufacturing capacity
4 and export of domestic nuclear energy products and
5 services.

6 (2) COMPOSITION.—The Working Group shall
7 be composed of—

8 (A) the Secretary (or a designee), who
9 shall serve as Chairperson of the Working
10 Group; and

11 (B) representatives, appointed by the head
12 of each applicable agency or department, of—

13 (i) the Department of Energy;

14 (ii) the Department of Commerce;

15 (iii) the Department of Defense;

16 (iv) the Department of the Treasury;

17 (v) the Department of State;

18 (vi) the Environmental Protection
19 Agency;

20 (vii) the United States Agency for
21 International Development;

22 (viii) the Export-Import Bank of the
23 United States;

24 (ix) the Trade and Development
25 Agency;

- 1 (x) the Small Business Administra-
- 2 tion;
- 3 (xi) the Office of the United States
- 4 Trade Representative; and
- 5 (xii) other Federal agencies, as deter-
- 6 mined by the President.

7 (c) DUTIES OF WORKING GROUP.—The Working
8 Group shall—

9 (1) not later than 180 days after the date of
10 enactment of this Act, identify the actions necessary
11 to promote the safe development and application in
12 foreign countries of nuclear energy products and
13 services—

14 (A) to increase electricity generation from
15 nuclear energy sources through development of
16 new generation facilities;

17 (B) to improve the efficiency, safety, and
18 reliability of existing nuclear generating facili-
19 ties through modifications; and

20 (C) enhance the safe treatment, handling,
21 storage, and disposal of used nuclear fuel;

22 (2) not later than 180 days after the date of
23 enactment of this Act, identify—

24 (A) mechanisms (including tax stimuli for
25 investment, loans and loan guarantees, and

1 grants) necessary for United States companies
2 to increase—

3 (i) the capacity of the companies to
4 produce or provide nuclear energy products
5 and services; and

6 (ii) exports of nuclear energy products
7 and services; and

8 (B) administrative or legislative initiatives
9 that are necessary—

10 (i) to encourage United States compa-
11 nies to increase the manufacturing capac-
12 ity of the companies for nuclear energy
13 products;

14 (ii) to provide technical and financial
15 assistance and support to small and mid-
16 sized businesses to establish quality assur-
17 ance programs in accordance with domestic
18 and international nuclear quality assurance
19 code requirements;

20 (iii) to encourage, through financial
21 incentives, private sector capital invest-
22 ment to expand manufacturing capacity;
23 and

24 (iv) to provide technical assistance
25 and financial incentives to small and mid-

1 sized businesses to develop the workforce
2 necessary to increase manufacturing capac-
3 ity and meet domestic and international
4 nuclear quality assurance code require-
5 ments;

6 (3) not later than 270 days after the date of
7 enactment of this Act, submit to Congress a report
8 that describes the findings of the Working Group
9 under paragraphs (1) and (2), including rec-
10 ommendations for new legislative authority, as nec-
11 essary; and

12 (4) encourage the agencies represented by mem-
13 bership in the Working Group—

14 (A) to provide technical training and edu-
15 cation for international development personnel
16 and local users in other countries;

17 (B) to provide financial and technical as-
18 sistance to nonprofit institutions that support
19 the marketing and export efforts of domestic
20 companies that provide nuclear energy products
21 and services;

22 (C) to develop nuclear energy projects in
23 foreign countries;

24 (D) to provide technical assistance and
25 training materials to loan officers of the World

1 Bank, international lending institutions, com-
2 mercial and energy attaches at embassies of the
3 United States, and other appropriate personnel
4 in order to provide information about nuclear
5 energy products and services to foreign govern-
6 ments or other potential project sponsors;

7 (E) to support, through financial incen-
8 tives, private sector efforts to commercialize
9 and export nuclear energy products and services
10 in accordance with the subsidy codes of the
11 World Trade Organization; and

12 (F) to augment budgets for trade and de-
13 velopment programs in order to support
14 prefeasibility or feasibility studies for projects
15 that use nuclear energy products and services.

16 (d) PERSONNEL AND SERVICE MATTERS.—The Sec-
17 retary and the heads of agencies represented by member-
18 ship in the Working Group shall detail such personnel and
19 furnish such services to the Working Group, with or with-
20 out reimbursement, as are necessary to carry out the func-
21 tions of the Working Group.

22 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
23 authorized to be appropriated to the Secretary to carry
24 out this section \$20,000,000 for each of fiscal years 2009
25 and 2010.

1 **SEC. 605. NUCLEAR ENERGY WORKFORCE.**

2 Section 1101 of the Energy Policy Act of 2005 (42
3 U.S.C. 16411) is amended—

4 (1) by redesignating subsection (d) as sub-
5 section (e); and

6 (2) by inserting after subsection (c) the fol-
7 lowing:

8 “(d) WORKFORCE TRAINING.—

9 “(1) IN GENERAL.—The Secretary of Labor, in
10 cooperation with the Secretary of Energy, shall pro-
11 mulgate regulations to implement a program to pro-
12 vide workforce training to meet the high demand for
13 workers skilled in the nuclear utility and nuclear en-
14 ergy products and services industries.

15 “(2) CONSULTATION.—In carrying out this sub-
16 section, the Secretary of Labor shall consult with
17 representatives of the nuclear utility and nuclear en-
18 ergy products and services industries, and organized
19 labor, concerning skills that are needed in those in-
20 dustries.

21 “(3) AUTHORIZATION OF APPROPRIATIONS.—
22 There are authorized to be appropriated to the Sec-
23 retary of Labor, in coordination with the Secretary
24 of Education and the Secretary of Energy, to carry
25 out this subsection \$20,000,000 for each of fiscal
26 years 2009 through 2012.”.

TITLE VII—ENERGY TAX INCENTIVES

SEC. 700. REFERENCE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986.

Subtitle A—Energy Production Incentives

PART 1—RENEWABLE ENERGY INCENTIVES

SEC. 701. RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) 1-YEAR EXTENSION FOR WIND FACILITIES.—Paragraph (1) of section 45(d) is amended by striking “January 1, 2009” and inserting “January 1, 2010”.

(2) 3-YEAR EXTENSION FOR CERTAIN OTHER FACILITIES.—Each of the following provisions of section 45(d) is amended by striking “January 1, 2009” and inserting “January 1, 2012”:

(A) Clauses (i) and (ii) of paragraph

(2)(A).

1 (B) Clauses (i)(I) and (ii) of paragraph
2 (3)(A).

3 (C) Paragraph (4).

4 (D) Paragraph (5).

5 (E) Paragraph (6).

6 (F) Paragraph (7).

7 (G) Subparagraphs (A) and (B) of para-
8 graph (9).

9 (b) MODIFICATION OF CREDIT PHASEOUT.—

10 (1) REPEAL OF PHASEOUT.—Subsection (b) of
11 section 45 is amended—

12 (A) by striking paragraph (1), and

13 (B) by striking “the 8 cent amount in
14 paragraph (1),” in paragraph (2) thereof.

15 (2) LIMITATION BASED ON INVESTMENT IN FA-
16 CILITY.—Subsection (b) of section 45 is amended by
17 inserting before paragraph (2) the following new
18 paragraph:

19 “(1) LIMITATION BASED ON INVESTMENT IN
20 FACILITY.—

21 “(A) IN GENERAL.—In the case of any
22 qualified facility originally placed in service
23 after December 31, 2009, the amount of the
24 credit determined under subsection (a) for any
25 taxable year with respect to electricity produced

at such facility shall not exceed the product
of—

“(i) the applicable percentage with re-
spect to such facility, multiplied by

“(ii) the eligible basis of such facility.

“(B) CARRYFORWARD OF UNUSED LIMITA-
TION AND EXCESS CREDIT.—

“(i) UNUSED LIMITATION.—If the
limitation imposed under subparagraph (A)
with respect to any facility for any taxable
year exceeds the prelimitation credit for
such facility for such taxable year, the lim-
itation imposed under subparagraph (A)
with respect to such facility for the suc-
ceeding taxable year shall be increased by
the amount of such excess.

“(ii) EXCESS CREDIT.—If the
prelimitation credit with respect to any fa-
cility for any taxable year exceeds the limi-
tation imposed under subparagraph (A)
with respect to such facility for such tax-
able year, the credit determined under sub-
section (a) with respect to such facility for
the succeeding taxable year (determined
before the application of subparagraph (A)

1 for such succeeding taxable year) shall be
 2 increased by the amount of such excess.
 3 With respect to any facility, no amount
 4 may be carried forward under this clause
 5 to any taxable year beginning after the 10-
 6 year period described in subsection
 7 (a)(2)(A)(ii) with respect to such facility.

8 “(iii) PRELIMINATION CREDIT.—The
 9 term ‘prelimination credit’ with respect to
 10 any facility for a taxable year means the
 11 credit determined under subsection (a)
 12 with respect to such facility for such tax-
 13 able year, determined without regard to
 14 subparagraph (A) and after taking into ac-
 15 count any increase for such taxable year
 16 under clause (ii).

17 “(C) APPLICABLE PERCENTAGE.—For
 18 purposes of this paragraph—

19 “(i) IN GENERAL.—The term ‘applica-
 20 ble percentage’ means, with respect to any
 21 facility, the appropriate percentage pre-
 22 scribed by the Secretary for the month in
 23 which such facility is originally placed in
 24 service.

1 “(ii) METHOD OF PRESCRIBING AP-
2 PLICABLE PERCENTAGES.—The applicable
3 percentages prescribed by the Secretary for
4 any month under clause (i) shall be per-
5 centages which yield over a 10-year period
6 amounts of limitation under subparagraph
7 (A) which have a present value equal to 35
8 percent of the eligible basis of the facility.

9 “(iii) METHOD OF DISCOUNTING.—
10 The present value under clause (ii) shall be
11 determined—

12 “(I) as of the last day of the 1st
13 year of the 10-year period referred to
14 in clause (ii),

15 “(II) by using a discount rate
16 equal to the greater of 110 percent of
17 the Federal long-term rate as in effect
18 under section 1274(d) for the month
19 preceding the month for which the ap-
20 plicable percentage is being pre-
21 scribed, or 4.5 percent, and

22 “(III) by taking into account the
23 limitation under subparagraph (A) for
24 any year on the last day of such year.

1 “(D) ELIGIBLE BASIS.—For purposes of
2 this paragraph—

3 “(i) IN GENERAL.—The term ‘eligible
4 basis’ means, with respect to any facility,
5 the sum of—

6 “(I) the basis of such facility de-
7 termined as of the time that such fa-
8 cility is originally placed in service,
9 and

10 “(II) the portion of the basis of
11 any shared qualified property which is
12 properly allocable to such facility
13 under clause (ii).

14 “(ii) RULES FOR ALLOCATION.—For
15 purposes of subclause (II) of clause (i), the
16 basis of shared qualified property shall be
17 allocated among all qualified facilities
18 which are projected to be placed in service
19 and which require utilization of such prop-
20 erty in proportion to projected generation
21 from such facilities.

22 “(iii) SHARED QUALIFIED PROP-
23 erty.—For purposes of this paragraph,
24 the term ‘shared qualified property’ means,

1 with respect to any facility, any property
2 described in section 168(e)(3)(B)(vi)—

3 “(I) which a qualified facility will
4 require for utilization of such facility,
5 and

6 “(II) which is not a qualified fa-
7 cility.

8 “(iv) SPECIAL RULE RELATING TO
9 GEOTHERMAL FACILITIES.—In the case of
10 any qualified facility using geothermal en-
11 ergy to produce electricity, the basis of
12 such facility for purposes of this paragraph
13 shall be determined as though intangible
14 drilling and development costs described in
15 section 263(c) were capitalized rather than
16 expensed.

17 “(E) SPECIAL RULE FOR FIRST AND LAST
18 YEAR OF CREDIT PERIOD.—In the case of any
19 taxable year any portion of which is not within
20 the 10-year period described in subsection
21 (a)(2)(A)(ii) with respect to any facility, the
22 amount of the limitation under subparagraph
23 (A) with respect to such facility shall be re-
24 duced by an amount which bears the same ratio
25 to the amount of such limitation (determined

1 without regard to this subparagraph) as such
 2 portion of the taxable year which is not within
 3 such period bears to the entire taxable year.

4 “(F) ELECTION TO TREAT ALL FACILITIES
 5 PLACED IN SERVICE IN A YEAR AS 1 FACIL-
 6 ITY.—At the election of the taxpayer, all quali-
 7 fied facilities which are part of the same project
 8 and which are placed in service during the same
 9 calendar year shall be treated for purposes of
 10 this section as 1 facility which is placed in serv-
 11 ice at the mid-point of such year or the first
 12 day of the following calendar year.”.

13 (c) TRASH FACILITY CLARIFICATION.—Paragraph
 14 (7) of section 45(d) is amended—

15 (1) by striking “facility which burns” and in-
 16 serting “facility (other than a facility described in
 17 paragraph (6)) which uses”, and

18 (2) by striking “COMBUSTION”.

19 (d) EXPANSION OF BIOMASS FACILITIES.—

20 (1) OPEN-LOOP BIOMASS FACILITIES.—Para-
 21 graph (3) of section 45(d) is amended by redesign-
 22 ating subparagraph (B) as subparagraph (C) and
 23 by inserting after subparagraph (A) the following
 24 new subparagraph:

1 “(B) EXPANSION OF FACILITY.—Such
 2 term shall include a new unit placed in service
 3 after the date of the enactment of this subpara-
 4 graph in connection with a facility described in
 5 subparagraph (A), but only to the extent of the
 6 increased amount of electricity produced at the
 7 facility by reason of such new unit.”.

8 (2) CLOSED-LOOP BIOMASS FACILITIES.—Para-
 9 graph (2) of section 45(d) is amended by redesign-
 10 nating subparagraph (B) as subparagraph (C) and
 11 inserting after subparagraph (A) the following new
 12 subparagraph:

13 “(B) EXPANSION OF FACILITY.—Such
 14 term shall include a new unit placed in service
 15 after the date of the enactment of this subpara-
 16 graph in connection with a facility described in
 17 subparagraph (A)(i), but only to the extent of
 18 the increased amount of electricity produced at
 19 the facility by reason of such new unit.”.

20 (e) SALES OF NET ELECTRICITY TO REGULATED
 21 PUBLIC UTILITIES TREATED AS SALES TO UNRELATED
 22 PERSONS.—Paragraph (4) of section 45(e) is amended by
 23 adding at the end the following new sentence: “The net
 24 amount of electricity sold by any taxpayer to a regulated

1 public utility (as defined in section 7701(a)(33)) shall be
2 treated as sold to an unrelated person.”.

3 (f) MODIFICATION OF RULES FOR HYDROPOWER
4 PRODUCTION.—Subparagraph (C) of section 45(c)(8) is
5 amended to read as follows:

6 “(C) NONHYDROELECTRIC DAM.—For pur-
7 poses of subparagraph (A), a facility is de-
8 scribed in this subparagraph if—

9 “(i) the hydroelectric project installed
10 on the nonhydroelectric dam is licensed by
11 the Federal Energy Regulatory Commis-
12 sion and meets all other applicable environ-
13 mental, licensing, and regulatory require-
14 ments,

15 “(ii) the nonhydroelectric dam was
16 placed in service before the date of the en-
17 actment of this paragraph and operated
18 for flood control, navigation, or water sup-
19 ply purposes and did not produce hydro-
20 electric power on the date of the enactment
21 of this paragraph, and

22 “(iii) the hydroelectric project is oper-
23 ated so that the water surface elevation at
24 any given location and time that would
25 have occurred in the absence of the hydro-

1 electric project is maintained, subject to
2 any license requirements imposed under
3 applicable law that change the water sur-
4 face elevation for the purpose of improving
5 environmental quality of the affected wa-
6 terway.

7 The Secretary, in consultation with the Federal
8 Energy Regulatory Commission, shall certify if
9 a hydroelectric project licensed at a nonhydro-
10 electric dam meets the criteria in clause (iii).
11 Nothing in this section shall affect the stand-
12 ards under which the Federal Energy Regu-
13 latory Commission issues licenses for and regu-
14 lates hydropower projects under part I of the
15 Federal Power Act.”.

16 (g) EFFECTIVE DATE.—

17 (1) IN GENERAL.—Except as otherwise pro-
18 vided in this subsection, the amendments made by
19 this section shall apply to property originally placed
20 in service after December 31, 2008.

21 (2) REPEAL OF CREDIT PHASEOUT.—The
22 amendments made by subsection (b)(1) shall apply
23 to taxable years ending after December 31, 2008.

24 (3) LIMITATION BASED ON INVESTMENT IN FA-
25 CILITY.—The amendment made by subsection (b)(2)

1 shall apply to property originally placed in service
2 after December 31, 2009.

3 (4) TRASH FACILITY CLARIFICATION; SALES TO
4 RELATED REGULATED PUBLIC UTILITIES.—The
5 amendments made by subsections (c) and (e) shall
6 apply to electricity produced and sold after the date
7 of the enactment of this Act.

8 (5) EXPANSION OF BIOMASS FACILITIES.—The
9 amendments made by subsection (d) shall apply to
10 property placed in service after the date of the en-
11 actment of this Act.

12 **SEC. 702. PRODUCTION CREDIT FOR ELECTRICITY PRO-**
13 **DUCTION FROM MARINE RENEWABLES.**

14 (a) IN GENERAL.—Paragraph (1) of section 45(c) is
15 amended by striking “and” at the end of subparagraph
16 (G), by striking the period at the end of subparagraph
17 (H) and inserting “, and”, and by adding at the end the
18 following new subparagraph:

19 “(I) marine and hydrokinetic renewable en-
20 ergy.”.

21 (b) MARINE RENEWABLES.—Subsection (c) of sec-
22 tion 45 is amended by adding at the end the following
23 new paragraph:

24 “(10) MARINE AND HYDROKINETIC RENEW-
25 ABLE ENERGY.—

1 “(A) IN GENERAL.—The term ‘marine and
2 hydrokinetic renewable energy’ means energy
3 derived from—

4 “(i) waves, tides, and currents in
5 oceans, estuaries, and tidal areas,

6 “(ii) free flowing water in rivers,
7 lakes, and streams,

8 “(iii) free flowing water in an irriga-
9 tion system, canal, or other man-made
10 channel, including projects that utilize non-
11 mechanical structures to accelerate the
12 flow of water for electric power production
13 purposes, or

14 “(iv) differentials in ocean tempera-
15 ture (ocean thermal energy conversion).

16 “(B) EXCEPTIONS.—Such term shall not
17 include any energy which is derived from any
18 source which utilizes a dam, diversionary struc-
19 ture (except as provided in subparagraph
20 (A)(iii)), or impoundment for electric power
21 production purposes.”.

22 (c) DEFINITION OF FACILITY.—Subsection (d) of
23 section 45 is amended by adding at the end the following
24 new paragraph:

1 “(11) MARINE AND HYDROKINETIC RENEW-
 2 ABLE ENERGY FACILITIES.—In the case of a facility
 3 producing electricity from marine and hydrokinetic
 4 renewable energy, the term ‘qualified facility’ means
 5 any facility owned by the taxpayer—

6 “(A) which has a nameplate capacity rat-
 7 ing of at least 150 kilowatts, and

8 “(B) which is originally placed in service
 9 on or after the date of the enactment of this
 10 paragraph and before January 1, 2012.”.

11 (d) CREDIT RATE.—Subparagraph (A) of section
 12 45(b)(4) is amended by striking “or (9)” and inserting
 13 “(9), or (11)”.

14 (e) COORDINATION WITH SMALL IRRIGATION
 15 POWER.—Paragraph (5) of section 45(d), as amended by
 16 section 701, is amended by striking “January 1, 2012”
 17 and inserting “the date of the enactment of paragraph
 18 (11)”.

19 (f) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to electricity produced and sold
 21 after the date of the enactment of this Act, in taxable
 22 years ending after such date.

23 **SEC. 703. ENERGY CREDIT.**

24 (a) EXTENSION OF CREDIT.—

1 (1) SOLAR ENERGY PROPERTY.—Paragraphs
 2 (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each
 3 amended by striking “January 1, 2009” and insert-
 4 ing “January 1, 2015”.

5 (2) FUEL CELL PROPERTY.—Subparagraph (E)
 6 of section 48(c)(1) is amended by striking “Decem-
 7 ber 31, 2008” and inserting “December 31, 2014”.

8 (3) MICROTURBINE PROPERTY.—Subparagraph
 9 (E) of section 48(c)(2) is amended by striking “De-
 10 cember 31, 2008” and inserting “December 31,
 11 2014”.

12 (b) ALLOWANCE OF ENERGY CREDIT AGAINST AL-
 13 TERNATIVE MINIMUM TAX.—Subparagraph (B) of section
 14 38(c)(4) is amended by striking “and” at the end of clause
 15 (iii), by redesignating clause (iv) as clause (v), and by in-
 16 serting after clause (iii) the following new clause:

17 “(iv) the credit determined under sec-
 18 tion 46 to the extent that such credit is at-
 19 tributable to the energy credit determined
 20 under section 48, and”.

21 (c) ENERGY CREDIT FOR COMBINED HEAT AND
 22 POWER SYSTEM PROPERTY.—

23 (1) IN GENERAL.—Section 48(a)(3)(A) (defin-
 24 ing energy property) is amended by striking “or” at
 25 the end of clause (iii), by inserting “or” at the end

1 of clause (iv), and by adding at the end the following
2 new clause:

3 “(v) combined heat and power system
4 property,”.

5 (2) COMBINED HEAT AND POWER SYSTEM
6 PROPERTY.—Section 48 is amended by adding at
7 the end the following new subsection:

8 “(d) COMBINED HEAT AND POWER SYSTEM PROP-
9 erty.—For purposes of subsection (a)(3)(A)(v)—

10 “(1) COMBINED HEAT AND POWER SYSTEM
11 PROPERTY.—The term ‘combined heat and power
12 system property’ means property comprising a sys-
13 tem—

14 “(A) which uses the same energy source
15 for the simultaneous or sequential generation of
16 electrical power, mechanical shaft power, or
17 both, in combination with the generation of
18 steam or other forms of useful thermal energy
19 (including heating and cooling applications),

20 “(B) which produces—

21 “(i) at least 20 percent of its total
22 useful energy in the form of thermal en-
23 ergy which is not used to produce electrical
24 or mechanical power (or combination
25 thereof), and

1 “(ii) at least 20 percent of its total
2 useful energy in the form of electrical or
3 mechanical power (or combination thereof),

4 “(C) the energy efficiency percentage of
5 which exceeds 60 percent, and

6 “(D) which is placed in service before Jan-
7 uary 1, 2015.

8 “(2) LIMITATION.—

9 “(A) IN GENERAL.—In the case of com-
10 bined heat and power system property with an
11 electrical capacity in excess of the applicable ca-
12 pacity placed in service during the taxable year,
13 the credit under subsection (a)(1) (determined
14 without regard to this paragraph) for such year
15 shall be equal to the amount which bears the
16 same ratio to such credit as the applicable ca-
17 pacity bears to the capacity of such property.

18 “(B) APPLICABLE CAPACITY.—For pur-
19 poses of subparagraph (A), the term ‘applicable
20 capacity’ means 15 megawatts or a mechanical
21 energy capacity of more than 20,000 horse-
22 power or an equivalent combination of electrical
23 and mechanical energy capacities.

24 “(C) MAXIMUM CAPACITY.—The term
25 ‘combined heat and power system property’

1 shall not include any property comprising a sys-
2 tem if such system has a capacity in excess of
3 50 megawatts or a mechanical energy capacity
4 in excess of 67,000 horsepower or an equivalent
5 combination of electrical and mechanical energy
6 capacities.

7 “(3) SPECIAL RULES.—

8 “(A) ENERGY EFFICIENCY PERCENT-
9 AGE.—For purposes of this subsection, the en-
10 ergy efficiency percentage of a system is the
11 fraction—

12 “(i) the numerator of which is the
13 total useful electrical, thermal, and me-
14 chanical power produced by the system at
15 normal operating rates, and expected to be
16 consumed in its normal application, and

17 “(ii) the denominator of which is the
18 lower heating value of the fuel sources for
19 the system.

20 “(B) DETERMINATIONS MADE ON BTU
21 BASIS.—The energy efficiency percentage and
22 the percentages under paragraph (1)(B) shall
23 be determined on a Btu basis.

24 “(C) INPUT AND OUTPUT PROPERTY NOT
25 INCLUDED.—The term ‘combined heat and

1 power system property’ does not include prop-
 2 erty used to transport the energy source to the
 3 facility or to distribute energy produced by the
 4 facility.

5 “(4) SYSTEMS USING BIOMASS.—If a system is
 6 designed to use biomass (within the meaning of
 7 paragraphs (2) and (3) of section 45(c) without re-
 8 gard to the last sentence of paragraph (3)(A)) for at
 9 least 90 percent of the energy source—

10 “(A) paragraph (1)(C) shall not apply, but

11 “(B) the amount of credit determined
 12 under subsection (a) with respect to such sys-
 13 tem shall not exceed the amount which bears
 14 the same ratio to such amount of credit (deter-
 15 mined without regard to this paragraph) as the
 16 energy efficiency percentage of such system
 17 bears to 60 percent.”.

18 (d) INCREASE OF CREDIT LIMITATION FOR FUEL
 19 CELL PROPERTY.—Subparagraph (B) of section 48(c)(1)
 20 is amended by striking “\$500” and inserting “\$1,500”.

21 (e) PUBLIC UTILITY PROPERTY TAKEN INTO AC-
 22 COUNT.—

23 (1) IN GENERAL.—Paragraph (3) of section
 24 48(a) is amended by striking the second sentence
 25 thereof.

1 (2) CONFORMING AMENDMENTS.—

2 (A) Paragraph (1) of section 48(c) is
3 amended by striking subparagraph (D) and re-
4 designating subparagraph (E) as subparagraph
5 (D).

6 (B) Paragraph (2) of section 48(c) is
7 amended by striking subparagraph (D) and re-
8 designating subparagraph (E) as subparagraph
9 (D).

10 (f) EFFECTIVE DATE.—

11 (1) IN GENERAL.—Except as otherwise pro-
12 vided in this subsection, the amendments made by
13 this section shall take effect on the date of the en-
14 actment of this Act.

15 (2) ALLOWANCE AGAINST ALTERNATIVE MIN-
16 IMUM TAX.—The amendments made by subsection
17 (b) shall apply to credits determined under section
18 46 of the Internal Revenue Code of 1986 in taxable
19 years beginning after the date of the enactment of
20 this Act and to carrybacks of such credits.

21 (3) COMBINED HEAT AND POWER AND FUEL
22 CELL PROPERTY.—The amendments made by sub-
23 sections (c) and (d) shall apply to periods after the
24 date of the enactment of this Act, in taxable years
25 ending after such date, under rules similar to the

1 rules of section 48(m) of the Internal Revenue Code
 2 of 1986 (as in effect on the day before the date of
 3 the enactment of the Revenue Reconciliation Act of
 4 1990).

5 (4) PUBLIC UTILITY PROPERTY.—The amend-
 6 ments made by subsection (e) shall apply to periods
 7 after February 13, 2008, in taxable years ending
 8 after such date, under rules similar to the rules of
 9 section 48(m) of the Internal Revenue Code of 1986
 10 (as in effect on the day before the date of the enact-
 11 ment of the Revenue Reconciliation Act of 1990).

12 **SEC. 704. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT**
 13 **PROPERTY.**

14 (a) EXTENSION.—Section 25D(g) is amended by
 15 striking “December 31, 2008” and inserting “December
 16 31, 2014”.

17 (b) MAXIMUM CREDIT FOR SOLAR ELECTRIC PROP-
 18 ERTY.—

19 (1) IN GENERAL.—Section 25D(b)(1)(A) is
 20 amended by striking “\$2,000” and inserting
 21 “\$4,000”.

22 (2) CONFORMING AMENDMENT.—Section
 23 25D(e)(4)(A)(i) is amended by striking “\$6,667”
 24 and inserting “\$13,333”.

25 (c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

1 (1) IN GENERAL.—Section 25D(a) is amended
 2 by striking “and” at the end of paragraph (2), by
 3 striking the period at the end of paragraph (3) and
 4 inserting “, and”, and by adding at the end the fol-
 5 lowing new paragraph:

6 “(4) 30 percent of the qualified small wind en-
 7 ergy property expenditures made by the taxpayer
 8 during such year.”.

9 (2) LIMITATION.—Section 25D(b)(1) is amend-
 10 ed by striking “and” at the end of subparagraph
 11 (B), by striking the period at the end of subpara-
 12 graph (C) and inserting “, and”, and by adding at
 13 the end the following new subparagraph:

14 “(D) \$500 with respect to each half kilo-
 15 watt of capacity (not to exceed \$4,000) of wind
 16 turbines for which qualified small wind energy
 17 property expenditures are made.”.

18 (3) QUALIFIED SMALL WIND ENERGY PROP-
 19 ERTY EXPENDITURES.—

20 (A) IN GENERAL.—Section 25D(d) is
 21 amended by adding at the end the following
 22 new paragraph:

23 “(4) QUALIFIED SMALL WIND ENERGY PROP-
 24 ERTY EXPENDITURE.—The term ‘qualified small
 25 wind energy property expenditure’ means an expend-

1 iture for property which uses a wind turbine to gen-
 2 erate electricity for use in connection with a dwelling
 3 unit located in the United States and used as a resi-
 4 dence by the taxpayer.”.

5 (B) NO DOUBLE BENEFIT.—Section
 6 45(d)(1) is amended by adding at the end the
 7 following new sentence: “Such term shall not
 8 include any facility with respect to which any
 9 qualified small wind energy property expendi-
 10 ture (as defined in subsection (d)(4) of section
 11 25D) is taken into account in determining the
 12 credit under such section.”.

13 (4) MAXIMUM EXPENDITURES IN CASE OF
 14 JOINT OCCUPANCY.—Section 25D(e)(4)(A) is
 15 amended by striking “and” at the end of clause (ii),
 16 by striking the period at the end of clause (iii) and
 17 inserting “, and”, and by adding at the end the fol-
 18 lowing new clause:

19 “(iv) \$1,667 in the case of each half
 20 kilowatt of capacity (not to exceed
 21 \$13,333) of wind turbines for which quali-
 22 fied small wind energy property expendi-
 23 tures are made.”.

24 (d) CREDIT FOR GEOTHERMAL HEAT PUMP SYS-
 25 TEMS.—

1 (1) IN GENERAL.—Section 25D(a), as amended
 2 by subsection (c), is amended by striking “and” at
 3 the end of paragraph (3), by striking the period at
 4 the end of paragraph (4) and inserting “, and”, and
 5 by adding at the end the following new paragraph:

6 “(5) 30 percent of the qualified geothermal
 7 heat pump property expenditures made by the tax-
 8 payer during such year.”.

9 (2) LIMITATION.—Section 25D(b)(1), as
 10 amended by subsection (c), is amended by striking
 11 “and” at the end of subparagraph (C), by striking
 12 the period at the end of subparagraph (D) and in-
 13 serting “, and”, and by adding at the end the fol-
 14 lowing new subparagraph:

15 “(E) \$2,000 with respect to any qualified
 16 geothermal heat pump property expenditures.”.

17 (3) QUALIFIED GEOTHERMAL HEAT PUMP
 18 PROPERTY EXPENDITURE.—Section 25D(d), as
 19 amended by subsection (c), is amended by adding at
 20 the end the following new paragraph:

21 “(5) QUALIFIED GEOTHERMAL HEAT PUMP
 22 PROPERTY EXPENDITURE.—

23 “(A) IN GENERAL.—The term ‘qualified
 24 geothermal heat pump property expenditure’
 25 means an expenditure for qualified geothermal

1 heat pump property installed on or in connec-
2 tion with a dwelling unit located in the United
3 States and used as a residence by the taxpayer.

4 “(B) QUALIFIED GEOTHERMAL HEAT
5 PUMP PROPERTY.—The term ‘qualified geo-
6 thermal heat pump property’ means any equip-
7 ment which—

8 “(i) uses the ground or ground water
9 as a thermal energy source to heat the
10 dwelling unit referred to in subparagraph
11 (A) or as a thermal energy sink to cool
12 such dwelling unit, and

13 “(ii) meets the requirements of the
14 Energy Star program which are in effect
15 at the time that the expenditure for such
16 equipment is made.”.

17 (4) MAXIMUM EXPENDITURES IN CASE OF
18 JOINT OCCUPANCY.—Section 25D(e)(4)(A), as
19 amended by subsection (c), is amended by striking
20 “and” at the end of clause (iii), by striking the pe-
21 riod at the end of clause (iv) and inserting “, and”,
22 and by adding at the end the following new clause:

23 “(v) \$6,667 in the case of any quali-
24 fied geothermal heat pump property ex-
25 penditures.”.

1 (e) CREDIT ALLOWED AGAINST ALTERNATIVE MIN-
 2 IMUM TAX.—

3 (1) IN GENERAL.—Subsection (c) of section
 4 25D is amended to read as follows:

5 “(c) LIMITATION BASED ON AMOUNT OF TAX;
 6 CARRYFORWARD OF UNUSED CREDIT.—

7 “(1) LIMITATION BASED ON AMOUNT OF
 8 TAX.—In the case of a taxable year to which section
 9 26(a)(2) does not apply, the credit allowed under
 10 subsection (a) for the taxable year shall not exceed
 11 the excess of—

12 “(A) the sum of the regular tax liability
 13 (as defined in section 26(b)) plus the tax im-
 14 posed by section 55, over

15 “(B) the sum of the credits allowable
 16 under this subpart (other than this section) and
 17 section 27 for the taxable year.

18 “(2) CARRYFORWARD OF UNUSED CREDIT.—

19 “(A) RULE FOR YEARS IN WHICH ALL
 20 PERSONAL CREDITS ALLOWED AGAINST REG-
 21 ULAR AND ALTERNATIVE MINIMUM TAX.—In
 22 the case of a taxable year to which section
 23 26(a)(2) applies, if the credit allowable under
 24 subsection (a) exceeds the limitation imposed by
 25 section 26(a)(2) for such taxable year reduced

by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

“(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.”.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting “and section 25D” after “this section”.

(B) Section 24(b)(3)(B) is amended by striking “and 25B” and inserting “, 25B, and 25D”.

(C) Section 25B(g)(2) is amended by striking “section 23” and inserting “sections 23 and 25D”.

(D) Section 26(a)(1) is amended by striking “and 25B” and inserting “25B, and 25D”.

1 (f) EFFECTIVE DATE.—

2 (1) IN GENERAL.—The amendments made by
3 this section shall apply to taxable years beginning
4 after December 31, 2007.

5 (2) APPLICATION OF EGTRRA SUNSET.—The
6 amendments made by subparagraphs (A) and (B) of
7 subsection (e)(2) shall be subject to title IX of the
8 Economic Growth and Tax Relief Reconciliation Act
9 of 2001 in the same manner as the provisions of
10 such Act to which such amendments relate.

11 **SEC. 705. SPECIAL RULE TO IMPLEMENT FERC AND STATE**
12 **ELECTRIC RESTRUCTURING POLICY.**

13 (a) EXTENSION FOR QUALIFIED ELECTRIC UTILI-
14 TIES.—

15 (1) IN GENERAL.—Paragraph (3) of section
16 451(i) is amended by inserting “(before January 1,
17 2010, in the case of a qualified electric utility)”
18 after “January 1, 2008”.

19 (2) QUALIFIED ELECTRIC UTILITY.—Subsection
20 (i) of section 451 is amended by redesignating para-
21 graphs (6) through (10) as paragraphs (7) through
22 (11), respectively, and by inserting after paragraph
23 (5) the following new paragraph:

24 “(6) QUALIFIED ELECTRIC UTILITY.—For pur-
25 poses of this subsection, the term ‘qualified electric

1 utility’ means a person that, as of the date of the
 2 qualifying electric transmission transaction, is
 3 vertically integrated, in that it is both—

4 “(A) a transmitting utility (as defined in
 5 section 3(23) of the Federal Power Act (16
 6 U.S.C. 796(23))) with respect to the trans-
 7 mission facilities to which the election under
 8 this subsection applies, and

9 “(B) an electric utility (as defined in sec-
 10 tion 3(22) of the Federal Power Act (16 U.S.C.
 11 796(22))).”.

12 (b) EXTENSION OF PERIOD FOR TRANSFER OF
 13 OPERATIONAL CONTROL AUTHORIZED BY FERC.—
 14 Clause (ii) of section 451(i)(4)(B) is amended by striking
 15 “December 31, 2007” and inserting “the date which is
 16 4 years after the close of the taxable year in which the
 17 transaction occurs”.

18 (c) PROPERTY LOCATED OUTSIDE THE UNITED
 19 STATES NOT TREATED AS EXEMPT UTILITY PROP-
 20 erty.—Paragraph (5) of section 451(i) is amended by
 21 adding at the end the following new subparagraph:

22 “(C) EXCEPTION FOR PROPERTY LOCATED
 23 OUTSIDE THE UNITED STATES.—The term ‘ex-
 24 empt utility property’ shall not include any

1 property which is located outside the United
2 States.”.

3 (d) EFFECTIVE DATES.—

4 (1) EXTENSION.—The amendments made by
5 subsection (a) shall apply to transactions after De-
6 cember 31, 2007.

7 (2) TRANSFERS OF OPERATIONAL CONTROL.—
8 The amendment made by subsection (b) shall take
9 effect as if included in section 909 of the American
10 Jobs Creation Act of 2004.

11 (3) EXCEPTION FOR PROPERTY LOCATED OUT-
12 SIDE THE UNITED STATES.—The amendment made
13 by subsection (c) shall apply to transactions after
14 the date of the enactment of this Act.

15 **SEC. 706. NEW CLEAN RENEWABLE ENERGY BONDS.**

16 (a) IN GENERAL.—Subpart I of part IV of sub-
17 chapter A of chapter 1 is amended by adding at the end
18 the following new section:

19 **“SEC. 54C. NEW CLEAN RENEWABLE ENERGY BONDS.**

20 “(a) NEW CLEAN RENEWABLE ENERGY BOND.—For
21 purposes of this subpart, the term ‘new clean renewable
22 energy bond’ means any bond issued as part of an issue
23 if—

24 “(1) 100 percent of the available project pro-
25 ceeds of such issue are to be used for capital expend-

1 itures incurred by public power providers or coopera-
2 tive electric companies for one or more qualified re-
3 newable energy facilities,

4 “(2) the bond is issued by a qualified issuer,
5 and

6 “(3) the issuer designates such bond for pur-
7 poses of this section.

8 “(b) REDUCED CREDIT AMOUNT.—The annual credit
9 determined under section 54A(b) with respect to any new
10 clean renewable energy bond shall be 70 percent of the
11 amount so determined without regard to this subsection.

12 “(c) LIMITATION ON AMOUNT OF BONDS DES-
13 IGNATED.—

14 “(1) IN GENERAL.—The maximum aggregate
15 face amount of bonds which may be designated
16 under subsection (a) by any issuer shall not exceed
17 the limitation amount allocated under this sub-
18 section to such issuer.

19 “(2) NATIONAL LIMITATION ON AMOUNT OF
20 BONDS DESIGNATED.—There is a national new clean
21 renewable energy bond limitation of \$2,000,000,000
22 which shall be allocated by the Secretary as provided
23 in paragraph (3), except that—

1 “(A) not more than 33⅓ percent thereof
2 may be allocated to qualified projects of public
3 power providers,

4 “(B) not more than 33⅓ percent thereof
5 may be allocated to qualified projects of govern-
6 mental bodies, and

7 “(C) not more than 33⅓ percent thereof
8 may be allocated to qualified projects of cooper-
9 ative electric companies.

10 “(3) METHOD OF ALLOCATION.—

11 “(A) ALLOCATION AMONG PUBLIC POWER
12 PROVIDERS.—After the Secretary determines
13 the qualified projects of public power providers
14 which are appropriate for receiving an alloca-
15 tion of the national new clean renewable energy
16 bond limitation, the Secretary shall, to the max-
17 imum extent practicable, make allocations
18 among such projects in such manner that the
19 amount allocated to each such project bears the
20 same ratio to the cost of such project as the
21 limitation under paragraph (2)(A) bears to the
22 cost of all such projects.

23 “(B) ALLOCATION AMONG GOVERNMENTAL
24 BODIES AND COOPERATIVE ELECTRIC COMPA-
25 NIES.—The Secretary shall make allocations of

1 the amount of the national new clean renewable
2 energy bond limitation described in paragraphs
3 (2)(B) and (2)(C) among qualified projects of
4 governmental bodies and cooperative electric
5 companies, respectively, in such manner as the
6 Secretary determines appropriate.

7 “(d) DEFINITIONS.—For purposes of this section—

8 “(1) QUALIFIED RENEWABLE ENERGY FACIL-
9 ITY.—The term ‘qualified renewable energy facility’
10 means a qualified facility (as determined under sec-
11 tion 45(d) without regard to paragraphs (8) and
12 (10) thereof and to any placed in service date)
13 owned by a public power provider, a governmental
14 body, or a cooperative electric company.

15 “(2) PUBLIC POWER PROVIDER.—The term
16 ‘public power provider’ means a State utility with a
17 service obligation, as such terms are defined in sec-
18 tion 217 of the Federal Power Act (as in effect on
19 the date of the enactment of this paragraph).

20 “(3) GOVERNMENTAL BODY.—The term ‘gov-
21 ernmental body’ means any State or Indian tribal
22 government, or any political subdivision thereof.

23 “(4) COOPERATIVE ELECTRIC COMPANY.—The
24 term ‘cooperative electric company’ means a mutual

1 or cooperative electric company described in section
2 501(c)(12) or section 1381(a)(2)(C).

3 “(5) CLEAN RENEWABLE ENERGY BOND LEND-
4 ER.—The term ‘clean renewable energy bond lender’
5 means a lender which is a cooperative which is
6 owned by, or has outstanding loans to, 100 or more
7 cooperative electric companies and is in existence on
8 February 1, 2002, and shall include any affiliated
9 entity which is controlled by such lender.

10 “(6) QUALIFIED ISSUER.—The term ‘qualified
11 issuer’ means a public power provider, a cooperative
12 electric company, a governmental body, a clean re-
13 newable energy bond lender, or a not-for-profit elec-
14 tric utility which has received a loan or loan guar-
15 antee under the Rural Electrification Act.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Paragraph (1) of section 54A(d) is amended
18 to read as follows:

19 “(1) QUALIFIED TAX CREDIT BOND.—The term
20 ‘qualified tax credit bond’ means—

21 “(A) a qualified forestry conservation
22 bond, or

23 “(B) a new clean renewable energy bond,
24 which is part of an issue that meets requirements of
25 paragraphs (2), (3), (4), (5), and (6).”.

1 (2) Subparagraph (C) of section 54A(d)(2) is
2 amended to read as follows:

3 “(C) QUALIFIED PURPOSE.—For purposes
4 of this paragraph, the term ‘qualified purpose’
5 means—

6 “(i) in the case of a qualified forestry
7 conservation bond, a purpose specified in
8 section 54B(e), and

9 “(ii) in the case of a new clean renew-
10 able energy bond, a purpose specified in
11 section 54C(a)(1).”.

12 (3) The table of sections for subpart I of part
13 IV of subchapter A of chapter 1 is amended by add-
14 ing at the end the following new item:

15 **“SEC. 54C. Qualified clean renewable energy bonds.”.**

16 (c) REPORTING.—Subsection (d) of section 6049 is
17 amended by adding at the end the following new para-
18 graph:

19 “(9) REPORTING OF CREDIT ON QUALIFIED
20 TAX CREDIT BONDS.—

21 “(A) IN GENERAL.—For purposes of sub-
22 section (a), the term ‘interest’ includes amounts
23 includible in gross income under section 54A
24 and such amounts shall be treated as paid on

1 the credit allowance date (as defined in section
2 54A(e)(1)).

3 “(B) REPORTING TO CORPORATIONS,
4 ETC.—Except as otherwise provided in regula-
5 tions, in the case of any interest described in
6 subparagraph (A) of this paragraph, subsection
7 (b)(4) of this section shall be applied without
8 regard to subparagraphs (A), (H), (I), (J), (K),
9 and (L)(i).

10 “(C) REGULATORY AUTHORITY.—The Sec-
11 retary may prescribe such regulations as are
12 necessary or appropriate to carry out the pur-
13 poses of this paragraph, including regulations
14 which require more frequent or more detailed
15 reporting.”.

16 (d) APPLICATION OF CERTAIN LABOR STANDARDS
17 ON PROJECTS FINANCED UNDER TAX CREDIT BONDS.—
18 Subchapter IV of chapter 31 of title 40, United States
19 Code, shall apply to projects financed with the proceeds
20 of any tax credit bond (as defined in section 54A of the
21 Internal Revenue Code of 1986).

22 (e) EFFECTIVE DATE.—The amendments made by
23 this section shall apply to obligations issued after the date
24 of the enactment of this Act.

1 **PART 2—CARBON MITIGATION PROVISIONS**

2 **SEC. 711. EXPANSION AND MODIFICATION OF ADVANCED**
3 **COAL PROJECT INVESTMENT CREDIT.**

4 (a) MODIFICATION OF CREDIT AMOUNT.—Section
5 48A(a) is amended by striking “and” at the end of para-
6 graph (1), by striking the period at the end of paragraph
7 (2) and inserting “, and”, and by adding at the end the
8 following new paragraph:

9 “(3) 30 percent of the qualified investment for
10 such taxable year in the case of projects described
11 in clause (iii) of subsection (d)(3)(B).”.

12 (b) EXPANSION OF AGGREGATE CREDITS.—Section
13 48A(d)(3)(A) is amended by striking “\$1,300,000,000”
14 and inserting “\$2,550,000,000”.

15 (c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

16 (1) IN GENERAL.—Subparagraph (B) of section
17 48A(d)(3) is amended to read as follows:

18 “(B) PARTICULAR PROJECTS.—Of the dol-
19 lar amount in subparagraph (A), the Secretary
20 is authorized to certify—

21 “(i) \$800,000,000 for integrated gas-
22 ification combined cycle projects the appli-
23 cation for which is submitted during the
24 period described in paragraph (2)(A)(i),

25 “(ii) \$500,000,000 for projects which
26 use other advanced coal-based generation

technologies the application for which is submitted during the period described in paragraph (2)(A)(i), and

“(iii) \$1,250,000,000 for advanced coal-based generation technology projects the application for which is submitted during the period described in paragraph (2)(A)(ii).”.

(2) APPLICATION PERIOD FOR ADDITIONAL PROJECTS.—Subparagraph (A) of section 48A(d)(2) is amended to read as follows:

“(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application—

“(i) for an allocation from the dollar amount specified in clause (i) or (ii) of paragraph (3)(B) during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1), and

“(ii) for an allocation from the dollar amount specified in paragraph (3)(B)(iii) during the 3-year period beginning at the

1 earlier of the termination of the period de-
2 scribed in clause (i) or the date prescribed
3 by the Secretary.”.

4 (3) CAPTURE AND SEQUESTRATION OF CARBON
5 DIOXIDE EMISSIONS REQUIREMENT.—

6 (A) IN GENERAL.—Section 48A(e)(1) is
7 amended by striking “and” at the end of sub-
8 paragraph (E), by striking the period at the
9 end of subparagraph (F) and inserting “; and”,
10 and by adding at the end the following new sub-
11 paragraph:

12 “(G) in the case of any project the applica-
13 tion for which is submitted during the period
14 described in subsection (d)(2)(A)(ii), the project
15 includes equipment which separates and seques-
16 ters at least 65 percent (70 percent in the case
17 of an application for reallocated credits under
18 subsection (d)(4)) of such project’s total carbon
19 dioxide emissions.”.

20 (B) HIGHEST PRIORITY FOR PROJECTS
21 WHICH SEQUESTER CARBON DIOXIDE EMIS-
22 SIONS.—Section 48A(e)(3) is amended by strik-
23 ing “and” at the end of subparagraph (A)(iii),
24 by striking the period at the end of subpara-
25 graph (B)(iii) and inserting “, and”, and by

1 adding at the end the following new subpara-
 2 graph:

3 “(C) give highest priority to projects with
 4 the greatest separation and sequestration per-
 5 centage of total carbon dioxide emissions.”.

6 (C) RECAPTURE OF CREDIT FOR FAILURE
 7 TO SEQUESTER.—Section 48A is amended by
 8 adding at the end the following new subsection:

9 “(h) RECAPTURE OF CREDIT FOR FAILURE TO SE-
 10 QUESTER.—The Secretary shall provide for recapturing
 11 the benefit of any credit allowable under subsection (a)
 12 with respect to any project which fails to attain or main-
 13 tain the separation and sequestration requirements of sub-
 14 section (e)(1)(G).”.

15 (4) ADDITIONAL PRIORITY FOR RESEARCH
 16 PARTNERSHIPS.—Section 48A(e)(3)(B), as amended
 17 by paragraph (3)(B), is amended—

18 (A) by striking “and” at the end of clause

19 (ii),

20 (B) by redesignating clause (iii) as clause

21 (iv), and

22 (C) by inserting after clause (ii) the fol-
 23 lowing new clause:

24 “(iii) applicant participants who have
 25 a research partnership with an eligible edu-

1 cational institution (as defined in section
2 529(e)(5)), and”.

3 (5) CLERICAL AMENDMENT.—Section 48A(e)(3)
4 is amended by striking “INTEGRATED GASIFICATION
5 COMBINED CYCLE” in the heading and inserting
6 “CERTAIN”.

7 (d) COMPETITIVE CERTIFICATION AWARDS MODI-
8 FICATION AUTHORITY.—Section 48A, as amended by sub-
9 section (c)(3), is amended by adding at the end the fol-
10 lowing new subsection:

11 “(i) COMPETITIVE CERTIFICATION AWARDS MODI-
12 FICATION AUTHORITY.—In implementing this section or
13 section 48B, the Secretary is directed to modify the terms
14 of any competitive certification award and any associated
15 closing agreement where such modification—

16 “(1) is consistent with the objectives of such
17 section,

18 “(2) is requested by the recipient of the com-
19 petitive certification award, and

20 “(3) involves moving the project site to improve
21 the potential to capture and sequester carbon dioxide
22 emissions, reduce costs of transporting feedstock,
23 and serve a broader customer base,

24 unless the Secretary determines that the dollar amount
25 of tax credits available to the taxpayer under such section

1 would increase as a result of the modification or such
2 modification would result in such project not being origi-
3 nally certified. In considering any such modification, the
4 Secretary shall consult with other relevant Federal agen-
5 cies, including the Department of Energy.”.

6 (e) DISCLOSURE OF ALLOCATIONS.—Section 48A(d)
7 is amended by adding at the end the following new para-
8 graph:

9 “(5) DISCLOSURE OF ALLOCATIONS.—The Sec-
10 retary shall, upon making a certification under this
11 subsection or section 48B(d), publicly disclose the
12 identity of the applicant and the amount of the cred-
13 it certified with respect to such applicant.”.

14 (f) EFFECTIVE DATES.—

15 (1) IN GENERAL.—Except as otherwise pro-
16 vided in this subsection, the amendments made by
17 this section shall apply to credits the application for
18 which is submitted during the period described in
19 section 48A(d)(2)(A)(ii) of the Internal Revenue
20 Code of 1986 and which are allocated or reallocated
21 after the date of the enactment of this Act.

22 (2) COMPETITIVE CERTIFICATION AWARDS
23 MODIFICATION AUTHORITY.—The amendment made
24 by subsection (d) shall take effect on the date of the
25 enactment of this Act and is applicable to all com-

1 petitive certification awards entered into under sec-
 2 tion 48A or 48B of the Internal Revenue Code of
 3 1986, whether such awards were issued before, on,
 4 or after such date of enactment.

5 (3) DISCLOSURE OF ALLOCATIONS.—The
 6 amendment made by subsection (e) shall apply to
 7 certifications made after the date of the enactment
 8 of this Act.

9 (4) CLERICAL AMENDMENT.—The amendment
 10 made by subsection (c)(5) shall take effect as if in-
 11 cluded in the amendment made by section 1307(b)
 12 of the Energy Tax Incentives Act of 2005.

13 **SEC. 712. EXPANSION AND MODIFICATION OF COAL GASIFI-**
 14 **CATION INVESTMENT CREDIT.**

15 (a) MODIFICATION OF CREDIT AMOUNT.—Section
 16 48B(a) is amended by inserting “(30 percent in the case
 17 of credits allocated under subsection (d)(1)(B))” after “20
 18 percent”.

19 (b) EXPANSION OF AGGREGATE CREDITS.—Section
 20 48B(d)(1) is amended by striking “shall not exceed
 21 \$350,000,000” and all that follows and inserting “shall
 22 not exceed—

23 “(A) \$350,000,000, plus

24 “(B) \$250,000,000 for qualifying gasifi-
 25 cation projects that include equipment which

1 separates and sequesters at least 75 percent of
2 such project's total carbon dioxide emissions.”.

3 (c) RECAPTURE OF CREDIT FOR FAILURE TO SE-
4 QUESTER.—Section 48B is amended by adding at the end
5 the following new subsection:

6 “(f) RECAPTURE OF CREDIT FOR FAILURE TO SE-
7 QUESTER.—The Secretary shall provide for recapturing
8 the benefit of any credit allowable under subsection (a)
9 with respect to any project which fails to attain or main-
10 tain the separation and sequestration requirements for
11 such project under subsection (d)(1).”.

12 (d) SELECTION PRIORITIES.—Section 48B(d) is
13 amended by adding at the end the following new para-
14 graph:

15 “(4) SELECTION PRIORITIES.—In determining
16 which qualifying gasification projects to certify
17 under this section, the Secretary shall—

18 “(A) give highest priority to projects with
19 the greatest separation and sequestration per-
20 centage of total carbon dioxide emissions, and

21 “(B) give high priority to applicant partici-
22 pants who have a research partnership with an
23 eligible educational institution (as defined in
24 section 529(e)(5)).”.

1 (e) EFFECTIVE DATE.—The amendments made by
 2 this section shall apply to credits described in section
 3 48B(d)(1)(B) of the Internal Revenue Code of 1986 which
 4 are allocated or reallocated after the date of the enactment
 5 of this Act.

6 **SEC. 713. TEMPORARY INCREASE IN COAL EXCISE TAX.**

7 Paragraph (2) of section 4121(e) is amended—

8 (1) by striking “January 1, 2014” in subpara-
 9 graph (A) and inserting “December 31, 2018”, and

10 (2) by striking “January 1 after 1981” in sub-
 11 paragraph (B) and inserting “December 31 after
 12 2007”.

13 **SEC. 714. SPECIAL RULES FOR REFUND OF THE COAL EX-**
 14 **CISE TAX TO CERTAIN COAL PRODUCERS**
 15 **AND EXPORTERS.**

16 (a) REFUND.—

17 (1) COAL PRODUCERS.—

18 (A) IN GENERAL.—Notwithstanding sub-
 19 sections (a)(1) and (c) of section 6416 and sec-
 20 tion 6511 of the Internal Revenue Code of
 21 1986, if—

22 (i) a coal producer establishes that
 23 such coal producer, or a party related to
 24 such coal producer, exported coal produced
 25 by such coal producer to a foreign country

1 or shipped coal produced by such coal pro-
2 ducer to a possession of the United States,
3 or caused such coal to be exported or
4 shipped, the export or shipment of which
5 was other than through an exporter who
6 meets the requirements of paragraph (2),

7 (ii) such coal producer filed an excise
8 tax return on or after October 1, 1990,
9 and on or before the date of the enactment
10 of this Act, and

11 (iii) such coal producer files a claim
12 for refund with the Secretary not later
13 than the close of the 30-day period begin-
14 ning on the date of the enactment of this
15 Act,

16 then the Secretary shall pay to such coal pro-
17 ducer an amount equal to the tax paid under
18 section 4121 of such Code on such coal ex-
19 ported or shipped by the coal producer or a
20 party related to such coal producer, or caused
21 by the coal producer or a party related to such
22 coal producer to be exported or shipped.

23 (B) SPECIAL RULES FOR CERTAIN TAX-
24 PAYERS.—For purposes of this section—

1 (i) IN GENERAL.—If a coal producer
2 or a party related to a coal producer has
3 received a judgment described in clause
4 (iii), such coal producer shall be deemed to
5 have established the export of coal to a for-
6 eign country or shipment of coal to a pos-
7 session of the United States under sub-
8 paragraph (A)(i).

9 (ii) AMOUNT OF PAYMENT.—If a tax-
10 payer described in clause (i) is entitled to
11 a payment under subparagraph (A), the
12 amount of such payment shall be reduced
13 by any amount paid pursuant to the judg-
14 ment described in clause (iii).

15 (iii) JUDGMENT DESCRIBED.—A judg-
16 ment is described in this subparagraph if
17 such judgment—

18 (I) is made by a court of com-
19 petent jurisdiction within the United
20 States,

21 (II) relates to the constitu-
22 tionality of any tax paid on exported
23 coal under section 4121 of the Inter-
24 nal Revenue Code of 1986, and

1 (III) is in favor of the coal pro-
2 ducer or the party related to the coal
3 producer.

4 (2) EXPORTERS.—Notwithstanding subsections
5 (a)(1) and (c) of section 6416 and section 6511 of
6 the Internal Revenue Code of 1986, and a judgment
7 described in paragraph (1)(B)(iii) of this subsection,
8 if—

9 (A) an exporter establishes that such ex-
10 porter exported coal to a foreign country or
11 shipped coal to a possession of the United
12 States, or caused such coal to be so exported or
13 shipped,

14 (B) such exporter filed a tax return on or
15 after October 1, 1990, and on or before the
16 date of the enactment of this Act, and

17 (C) such exporter files a claim for refund
18 with the Secretary not later than the close of
19 the 30-day period beginning on the date of the
20 enactment of this Act,

21 then the Secretary shall pay to such exporter an
22 amount equal to \$0.825 per ton of such coal ex-
23 ported by the exporter or caused to be exported or
24 shipped, or caused to be exported or shipped, by the
25 exporter.

1 (b) LIMITATIONS.—Subsection (a) shall not apply
2 with respect to exported coal if a settlement with the Fed-
3 eral Government has been made with and accepted by, the
4 coal producer, a party related to such coal producer, or
5 the exporter, of such coal, as of the date that the claim
6 is filed under this section with respect to such exported
7 coal. For purposes of this subsection, the term “settlement
8 with the Federal Government” shall not include any settle-
9 ment or stipulation entered into as of the date of the en-
10 actment of this Act, the terms of which contemplate a
11 judgment concerning which any party has reserved the
12 right to file an appeal, or has filed an appeal.

13 (c) SUBSEQUENT REFUND PROHIBITED.—No refund
14 shall be made under this section to the extent that a credit
15 or refund of such tax on such exported or shipped coal
16 has been paid to any person.

17 (d) DEFINITIONS.—For purposes of this section—

18 (1) COAL PRODUCER.—The term “coal pro-
19 ducer” means the person in whom is vested owner-
20 ship of the coal immediately after the coal is severed
21 from the ground, without regard to the existence of
22 any contractual arrangement for the sale or other
23 disposition of the coal or the payment of any royal-
24 ties between the producer and third parties. The
25 term includes any person who extracts coal from

1 coal waste refuse piles or from the silt waste product
2 which results from the wet washing (or similar proc-
3 essing) of coal.

4 (2) EXPORTER.—The term “exporter” means a
5 person, other than a coal producer, who does not
6 have a contract, fee arrangement, or any other
7 agreement with a producer or seller of such coal to
8 export or ship such coal to a third party on behalf
9 of the producer or seller of such coal and—

10 (A) is indicated in the shipper’s export
11 declaration or other documentation as the ex-
12 porter of record, or

13 (B) actually exported such coal to a for-
14 eign country or shipped such coal to a posses-
15 sion of the United States, or caused such coal
16 to be so exported or shipped.

17 (3) RELATED PARTY.—The term “a party re-
18 lated to such coal producer” means a person who—

19 (A) is related to such coal producer
20 through any degree of common management,
21 stock ownership, or voting control,

22 (B) is related (within the meaning of sec-
23 tion 144(a)(3) of the Internal Revenue Code of
24 1986) to such coal producer, or

1 (C) has a contract, fee arrangement, or
2 any other agreement with such coal producer to
3 sell such coal to a third party on behalf of such
4 coal producer.

5 (4) SECRETARY.—The term “Secretary” means
6 the Secretary of Treasury or the Secretary’s des-
7 ignee.

8 (e) TIMING OF REFUND.—With respect to any claim
9 for refund filed pursuant to this section, the Secretary
10 shall determine whether the requirements of this section
11 are met not later than 180 days after such claim is filed.
12 If the Secretary determines that the requirements of this
13 section are met, the claim for refund shall be paid not
14 later than 180 days after the Secretary makes such deter-
15 mination.

16 (f) INTEREST.—Any refund paid pursuant to this
17 section shall be paid by the Secretary with interest from
18 the date of overpayment determined by using the overpay-
19 ment rate and method under section 6621 of the Internal
20 Revenue Code of 1986.

21 (g) DENIAL OF DOUBLE BENEFIT.—The payment
22 under subsection (a) with respect to any coal shall not ex-
23 ceed—

24 (1) in the case of a payment to a coal producer,
25 the amount of tax paid under section 4121 of the

1 Internal Revenue Code of 1986 with respect to such
2 coal by such coal producer or a party related to such
3 coal producer, and

4 (2) in the case of a payment to an exporter, an
5 amount equal to \$0.825 per ton with respect to such
6 coal exported by the exporter or caused to be ex-
7 ported by the exporter.

8 (h) APPLICATION OF SECTION.—This section applies
9 only to claims on coal exported or shipped on or after Oc-
10 tober 1, 1990, through the date of the enactment of this
11 Act.

12 (i) STANDING NOT CONFERRED.—

13 (1) EXPORTERS.—With respect to exporters,
14 this section shall not confer standing upon an ex-
15 porter to commence, or intervene in, any judicial or
16 administrative proceeding concerning a claim for re-
17 fund by a coal producer of any Federal or State tax,
18 fee, or royalty paid by the coal producer.

19 (2) COAL PRODUCERS.—With respect to coal
20 producers, this section shall not confer standing
21 upon a coal producer to commence, or intervene in,
22 any judicial or administrative proceeding concerning
23 a claim for refund by an exporter of any Federal or
24 State tax, fee, or royalty paid by the producer and
25 alleged to have been passed on to an exporter.

1 **SEC. 715. CARBON AUDIT OF THE TAX CODE.**

2 (a) STUDY.—The Secretary of the Treasury shall
 3 enter into an agreement with the National Academy of
 4 Sciences to undertake a comprehensive review of the Inter-
 5 nal Revenue Code of 1986 to identify the types of and
 6 specific tax provisions that have the largest effects on car-
 7 bon and other greenhouse gas emissions and to estimate
 8 the magnitude of those effects.

9 (b) REPORT.—Not later than 2 years after the date
 10 of enactment of this Act, the National Academy of
 11 Sciences shall submit to Congress a report containing the
 12 results of study authorized under this section.

13 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
 14 authorized to be appropriated to carry out this section
 15 \$1,500,000 for the period of fiscal years 2008 and 2009.

16 **Subtitle B—Transportation and**
 17 **Domestic Fuel Security Provisions**

18 **SEC. 721. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS**
 19 **DEPRECIATION FOR BIOMASS ETHANOL**
 20 **PLANT PROPERTY.**

21 (a) IN GENERAL.—Paragraph (3) of section 168(l)
 22 is amended to read as follows:

23 “(3) CELLULOSIC BIOFUEL.—The term ‘cel-
 24 lulosic biofuel’ means any liquid fuel which is pro-
 25 duced from any lignocellulosic or hemicellulosic mat-

3 (b) CONFORMING AMENDMENTS.—Subsection (l) of
4 section 168 is amended—

(2) by striking “CELLULOSIC BIOMASS ETH-
ANOL” in the heading of such subsection and insert-
ing “CELLULOSIC BIOFUEL”, and

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

18 SEC. 722. CREDITS FOR BIODIESEL AND RENEWABLE DIE-
19 SEL.

23 (b) INCREASE IN RATE OF CREDIT.—

1 (1) INCOME TAX CREDIT.—Paragraphs (1)(A)
 2 and (2)(A) of section 40A(b) are each amended by
 3 striking “50 cents” and inserting “\$1.00”.

4 (2) EXCISE TAX CREDIT.—Paragraph (2) of
 5 section 6426(c) is amended to read as follows:

6 “(2) APPLICABLE AMOUNT.—For purposes of
 7 this subsection, the applicable amount is \$1.00.”.

8 (3) CONFORMING AMENDMENTS.—

9 (A) Subsection (b) of section 40A is
 10 amended by striking paragraph (3) and by re-
 11 designating paragraphs (4) and (5) as para-
 12 graphs (3) and (4), respectively.

13 (B) Paragraph (2) of section 40A(f) is
 14 amended to read as follows:

15 “(2) EXCEPTION.—Subsection (b)(4) shall not
 16 apply with respect to renewable diesel.”.

17 (C) Paragraphs (2) and (3) of section
 18 40A(e) are each amended by striking “sub-
 19 section (b)(5)(C)” and inserting “subsection
 20 (b)(4)(C)”.

21 (D) Clause (ii) of section 40A(d)(3)(C) is
 22 amended by striking “subsection (b)(5)(B)”
 23 and inserting “subsection (b)(4)(B)”.

1 (c) UNIFORM TREATMENT OF DIESEL PRODUCED
 2 FROM BIOMASS.—Paragraph (3) of section 40A(f) is
 3 amended—

4 (1) by striking “diesel fuel” and inserting “liq-
 5 uid fuel”,

6 (2) by striking “using a thermal
 7 depolymerization process”, and

8 (3) by striking “or D396” in subparagraph (B)
 9 and inserting “, D396, or other equivalent standard
 10 approved by the Secretary”.

11 (d) COPRODUCTION OF RENEWABLE DIESEL WITH
 12 PETROLEUM FEEDSTOCK.—

13 (1) IN GENERAL.—Paragraph (3) of section
 14 40A(f) (defining renewable diesel) is amended by
 15 adding at the end the following flush sentence:

16 “Such term does not include any fuel derived from
 17 coprocessing biomass with a feedstock which is not
 18 biomass. For purposes of this paragraph, the term
 19 ‘biomass’ has the meaning given such term by sec-
 20 tion 45K(c)(3).”.

21 (2) CONFORMING AMENDMENT.—Paragraph (3)
 22 of section 40A(f) is amended by striking “(as de-
 23 fined in section 45K(c)(3))”.

24 (e) ELIGIBILITY OF CERTAIN AVIATION FUEL.—
 25 Paragraph (3) of section 40A(f) (defining renewable die-

1 sel) is amended by adding at the end the following: “The
2 term ‘renewable diesel’ also means fuel derived from bio-
3 mass which meets the requirements of a Department of
4 Defense specification for military jet fuel or an American
5 Society of Testing and Materials specification for aviation
6 turbine fuel.”

7 (f) EFFECTIVE DATE.—

8 (1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection, the amendments made by
10 this section shall apply to fuel produced, and sold or
11 used, after December 31, 2008.

12 (2) COPRODUCTION OF RENEWABLE DIESEL
13 WITH PETROLEUM FEEDSTOCK.—The amendments
14 made by subsection (c) shall apply to fuel produced,
15 and sold or used, after February 13, 2008.

16 **SEC. 723. CLARIFICATION THAT CREDITS FOR FUEL ARE**
17 **DESIGNED TO PROVIDE AN INCENTIVE FOR**
18 **UNITED STATES PRODUCTION.**

19 (a) ALCOHOL FUELS CREDIT.—Subsection (d) of
20 section 40 is amended by adding at the end the following
21 new paragraph:

22 “(6) LIMITATION TO ALCOHOL WITH CONNEC-
23 TION TO THE UNITED STATES.—No credit shall be
24 determined under this section with respect to any al-
25 cohool which is produced outside the United States

1 for use as a fuel outside the United States. For pur-
2 poses of this paragraph, the term ‘United States’ in-
3 cludes any possession of the United States.”.

4 (b) BIODIESEL FUELS CREDIT.—Subsection (d) of
5 section 40A is amended by adding at the end the following
6 new paragraph:

7 “(5) LIMITATION TO BIODIESEL WITH CONNEC-
8 TION TO THE UNITED STATES.—No credit shall be
9 determined under this section with respect to any
10 biodiesel which is produced outside the United
11 States for use as a fuel outside the United States.
12 For purposes of this paragraph, the term ‘United
13 States’ includes any possession of the United
14 States.”.

15 (c) EXCISE TAX CREDIT.—

16 (1) IN GENERAL.—Section 6426 is amended by
17 adding at the end the following new subsection:

18 “(i) LIMITATION TO FUELS WITH CONNECTION TO
19 THE UNITED STATES.—

20 “(1) ALCOHOL.—No credit shall be determined
21 under this section with respect to any alcohol which
22 is produced outside the United States for use as a
23 fuel outside the United States.

24 “(2) BIODIESEL AND ALTERNATIVE FUELS.—
25 No credit shall be determined under this section

1 with respect to any biodiesel or alternative fuel
2 which is produced outside the United States for use
3 as a fuel outside the United States.

4 For purposes of this subsection, the term ‘United States’
5 includes any possession of the United States.”.

6 (2) CONFORMING AMENDMENT.—Subsection (e)
7 of section 6427 is amended by redesignating para-
8 graph (5) as paragraph (6) and by inserting after
9 paragraph (4) the following new paragraph:

10 “(5) LIMITATION TO FUELS WITH CONNECTION
11 TO THE UNITED STATES.—No amount shall be pay-
12 able under paragraph (1) or (2) with respect to any
13 mixture or alternative fuel if credit is not allowed
14 with respect to such mixture or alternative fuel by
15 reason of section 6426(i).”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall apply to claims for credit or payment
18 made on or after May 15, 2008.

19 **SEC. 724. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC**
20 **DRIVE MOTOR VEHICLES.**

21 (a) IN GENERAL.—Subpart B of part IV of sub-
22 chapter A of chapter 1 is amended by adding at the end
23 the following new section:

1 **“SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE**
 2 **MOTOR VEHICLES.**

3 “(a) ALLOWANCE OF CREDIT.—There shall be al-
 4 lowed as a credit against the tax imposed by this chapter
 5 for the taxable year an amount equal to the sum of the
 6 credit amounts determined under subsection (b) with re-
 7 spect to each new qualified plug-in electric drive motor ve-
 8 hicle placed in service by the taxpayer during the taxable
 9 year.

10 “(b) PER VEHICLE DOLLAR LIMITATION.—

11 “(1) IN GENERAL.—The amount determined
 12 under this subsection with respect to any new quali-
 13 fied plug-in electric drive motor vehicle is the sum
 14 of the amounts determined under paragraphs (2)
 15 and (3) with respect to such vehicle.

16 “(2) BASE AMOUNT.—The amount determined
 17 under this paragraph is \$3,000.

18 “(3) BATTERY CAPACITY.—In the case of a ve-
 19 hicle which draws propulsion energy from a battery
 20 with not less than 5 kilowatt hours of capacity, the
 21 amount determined under this paragraph is \$200,
 22 plus \$200 for each kilowatt hour of capacity in ex-
 23 cess of 5 kilowatt hours. The amount determined
 24 under this paragraph shall not exceed \$2,000.

25 “(c) APPLICATION WITH OTHER CREDITS.—

1 “(1) BUSINESS CREDIT TREATED AS PART OF
2 GENERAL BUSINESS CREDIT.—So much of the credit
3 which would be allowed under subsection (a) for any
4 taxable year (determined without regard to this sub-
5 section) that is attributable to property of a char-
6 acter subject to an allowance for depreciation shall
7 be treated as a credit listed in section 38(b) for such
8 taxable year (and not allowed under subsection (a)).

9 “(2) PERSONAL CREDIT.—

10 “(A) IN GENERAL.—For purposes of this
11 title, the credit allowed under subsection (a) for
12 any taxable year (determined after application
13 of paragraph (1)) shall be treated as a credit
14 allowable under subpart A for such taxable
15 year.

16 “(B) LIMITATION BASED ON AMOUNT OF
17 TAX.—In the case of a taxable year to which
18 section 26(a)(2) does not apply, the credit al-
19 lowed under subsection (a) for any taxable year
20 (determined after application of paragraph (1))
21 shall not exceed the excess of—

22 “(i) the sum of the regular tax liabil-
23 ity (as defined in section 26(b)) plus the
24 tax imposed by section 55, over

1 “(ii) the sum of the credits allowable
2 under subpart A (other than this section
3 and sections 23 and 25D) and section 27
4 for the taxable year.

5 “(d) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE
6 MOTOR VEHICLE.—For purposes of this section—

7 “(1) IN GENERAL.—The term ‘new qualified
8 plug-in electric drive motor vehicle’ means a motor
9 vehicle (as defined in section 30(c)(2))—

10 “(A) the original use of which commences
11 with the taxpayer,

12 “(B) which is acquired for use or lease by
13 the taxpayer and not for resale,

14 “(C) which is made by a manufacturer,

15 “(D) which has a gross vehicle weight rat-
16 ing of less than 14,000 pounds,

17 “(E) which has received a certificate of
18 conformity under the Clean Air Act and meets
19 or exceeds the Bin 5 Tier II emission standard
20 established in regulations prescribed by the Ad-
21 ministrator of the Environmental Protection
22 Agency under section 202(i) of the Clean Air
23 Act for that make and model year vehicle, and

1 “(F) which is propelled to a significant ex-
2 tent by an electric motor which draws electricity
3 from a battery which—

4 “(i) has a capacity of not less than 4
5 kilowatt hours, and

6 “(ii) is capable of being recharged
7 from an external source of electricity.

8 “(2) EXCEPTION.—The term ‘new qualified
9 plug-in electric drive motor vehicle’ shall not include
10 any vehicle which is not a passenger automobile or
11 light truck if such vehicle has a gross vehicle weight
12 rating of less than 8,500 pounds.

13 “(3) OTHER TERMS.—The terms ‘passenger
14 automobile’, ‘light truck’, and ‘manufacturer’ have
15 the meanings given such terms in regulations pre-
16 scribed by the Administrator of the Environmental
17 Protection Agency for purposes of the administra-
18 tion of title II of the Clean Air Act (42 U.S.C. 7521
19 et seq.).

20 “(4) BATTERY CAPACITY.—The term ‘capacity’
21 means, with respect to any battery, the quantity of
22 electricity which the battery is capable of storing, ex-
23 pressed in kilowatt hours, as measured from a 100
24 percent state of charge to a 0 percent state of
25 charge.

1 “(e) LIMITATION ON NUMBER OF NEW QUALIFIED
2 PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE
3 FOR CREDIT.—

4 “(1) IN GENERAL.—In the case of a new quali-
5 fied plug-in electric drive motor vehicle sold during
6 the phaseout period, only the applicable percentage
7 of the credit otherwise allowable under subsection
8 (a) shall be allowed.

9 “(2) PHASEOUT PERIOD.—For purposes of this
10 subsection, the phaseout period is the period begin-
11 ning with the second calendar quarter following the
12 calendar quarter which includes the first date on
13 which the number of new qualified plug-in electric
14 drive motor vehicles manufactured by the manufac-
15 turer of the vehicle referred to in paragraph (1) sold
16 for use in the United States after the date of the en-
17 actment of this section, is at least 60,000.

18 “(3) APPLICABLE PERCENTAGE.—For purposes
19 of paragraph (1), the applicable percentage is—

20 “(A) 50 percent for the first 2 calendar
21 quarters of the phaseout period,

22 “(B) 25 percent for the 3d and 4th cal-
23 endar quarters of the phaseout period, and

24 “(C) 0 percent for each calendar quarter
25 thereafter.

1 “(4) CONTROLLED GROUPS.—Rules similar to
2 the rules of section 30B(f)(4) shall apply for pur-
3 poses of this subsection.

4 “(f) SPECIAL RULES.—

5 “(1) BASIS REDUCTION.—The basis of any
6 property for which a credit is allowable under sub-
7 section (a) shall be reduced by the amount of such
8 credit (determined without regard to subsection (c)).

9 “(2) RECAPTURE.—The Secretary shall, by reg-
10 ulations, provide for recapturing the benefit of any
11 credit allowable under subsection (a) with respect to
12 any property which ceases to be property eligible for
13 such credit.

14 “(3) PROPERTY USED OUTSIDE UNITED
15 STATES, ETC., NOT QUALIFIED.—No credit shall be
16 allowed under subsection (a) with respect to any
17 property referred to in section 50(b)(1) or with re-
18 spect to the portion of the cost of any property
19 taken into account under section 179.

20 “(4) ELECTION NOT TO TAKE CREDIT.—No
21 credit shall be allowed under subsection (a) for any
22 vehicle if the taxpayer elects to not have this section
23 apply to such vehicle.

24 “(5) PROPERTY USED BY TAX-EXEMPT ENTITY;
25 INTERACTION WITH AIR QUALITY AND MOTOR VEHI-

1 CLE SAFETY STANDARDS.—Rules similar to the rules
 2 of paragraphs (6) and (10) of section 30B(h) shall
 3 apply for purposes of this section.”.

4 (b) COORDINATION WITH ALTERNATIVE MOTOR VE-
 5 HICLE CREDIT.—Section 30B(d)(3) is amended by adding
 6 at the end the following new subparagraph:

7 “(D) EXCLUSION OF PLUG-IN VEHICLES.—
 8 Any vehicle with respect to which a credit is al-
 9 lowable under section 30D (determined without
 10 regard to subsection (c) thereof) shall not be
 11 taken into account under this section.”.

12 (c) CREDIT MADE PART OF GENERAL BUSINESS
 13 CREDIT.—Section 38(b) is amended—

14 (1) by striking “and” each place it appears at
 15 the end of any paragraph,

16 (2) by striking “plus” each place it appears at
 17 the end of any paragraph,

18 (3) by striking the period at the end of para-
 19 graph (31) and inserting “, plus”, and

20 (4) by adding at the end the following new
 21 paragraph:

22 “(32) the portion of the new qualified plug-in
 23 electric drive motor vehicle credit to which section
 24 30D(c)(1) applies.”.

25 (d) CONFORMING AMENDMENTS.—

1 (1)(A) Section 24(b)(3)(B), as amended by sec-
2 tion 704, is amended by striking “and 25D” and in-
3 serting “25D, and 30D”.

4 (B) Section 25(e)(1)(C)(ii) is amended by in-
5 serting “30D,” after “25D,”.

6 (C) Section 25B(g)(2), as amended by section
7 704, is amended by striking “and 25D” and insert-
8 ing “, 25D, and 30D”.

9 (D) Section 26(a)(1), as amended by section
10 704, is amended by striking “and 25D” and insert-
11 ing “25D, and 30D”.

12 (E) Section 1400C(d)(2) is amended by striking
13 “and 25D” and inserting “25D, and 30D”.

14 (2) Section 1016(a) is amended by striking
15 “and” at the end of paragraph (35), by striking the
16 period at the end of paragraph (36) and inserting “,
17 and”, and by adding at the end the following new
18 paragraph:

19 “(37) to the extent provided in section
20 30D(f)(1).”.

21 (3) Section 6501(m) is amended by inserting
22 “30D(f)(4),” after “30C(e)(5),”.

23 (4) The table of sections for subpart B of part
24 IV of subchapter A of chapter 1 is amended by add-
25 ing at the end the following new item:

“Sec. 30D. New qualified plug-in electric drive motor vehicles.”.

1 (e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE
2 CREDIT AS A PERSONAL CREDIT.—

3 (1) IN GENERAL.—Paragraph (2) of section
4 30B(g) is amended to read as follows:

5 “(2) PERSONAL CREDIT.—The credit allowed
6 under subsection (a) for any taxable year (after ap-
7 plication of paragraph (1)) shall be treated as a
8 credit allowable under subpart A for such taxable
9 year.”.

10 (2) CONFORMING AMENDMENTS.—

11 (A) Subparagraph (A) of section 30C(d)(2)
12 is amended by striking “sections 27, 30, and
13 30B” and inserting “sections 27 and 30”.

14 (B) Paragraph (3) of section 55(c) is
15 amended by striking “30B(g)(2),”.

16 (f) EFFECTIVE DATE.—

17 (1) IN GENERAL.—Except as otherwise pro-
18 vided in this subsection, the amendments made by
19 this section shall apply to taxable years beginning
20 after December 31, 2008.

21 (2) TREATMENT OF ALTERNATIVE MOTOR VE-
22 HICLE CREDIT AS PERSONAL CREDIT.—The amend-
23 ments made by subsection (e) shall apply to taxable
24 years beginning after December 31, 2007.

1 (g) APPLICATION OF EGTRRA SUNSET.—The
 2 amendment made by subsection (d)(1)(A) shall be subject
 3 to title IX of the Economic Growth and Tax Relief Rec-
 4 onciliation Act of 2001 in the same manner as the provi-
 5 sion of such Act to which such amendment relates.

6 **SEC. 725. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING**
 7 **REDUCTION UNITS AND ADVANCED INSULA-**
 8 **TION.**

9 (a) IN GENERAL.—Section 4053 is amended by add-
 10 ing at the end the following new paragraphs:

11 “(9) IDLING REDUCTION DEVICE.—Any device
 12 or system of devices which—

13 “(A) is designed to provide to a vehicle
 14 those services (such as heat, air conditioning, or
 15 electricity) that would otherwise require the op-
 16 eration of the main drive engine while the vehi-
 17 cle is temporarily parked or remains stationary
 18 using one or more devices affixed to a tractor,
 19 and

20 “(B) is certified by the Secretary of En-
 21 ergy, in consultation with the Administrator of
 22 the Environmental Protection Agency and the
 23 Secretary of Transportation, to reduce idling of
 24 such vehicle at a motor vehicle rest stop or

1 other location where such vehicles are tempo-
2 rarily parked or remain stationary.

3 “(10) **ADVANCED INSULATION.**—Any insulation
4 that has an R value of not less than R35 per inch.”.

5 (b) **EFFECTIVE DATE.**—The amendment made by
6 this section shall apply to sales or installations after the
7 date of the enactment of this Act.

8 **SEC. 726. RESTRUCTURING OF NEW YORK LIBERTY ZONE**
9 **TAX CREDITS.**

10 (a) **IN GENERAL.**—Part I of subchapter Y of chapter
11 1 is amended by redesignating section 1400L as section
12 1400K and by adding at the end the following new section:

13 **“SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.**

14 “(a) **IN GENERAL.**—In the case of a New York Lib-
15 erty Zone governmental unit, there shall be allowed as a
16 credit against any taxes imposed for any payroll period
17 by section 3402 for which such governmental unit is liable
18 under section 3403 an amount equal to so much of the
19 portion of the qualifying project expenditure amount allo-
20 cated under subsection (b)(3) to such governmental unit
21 for the calendar year as is allocated by such governmental
22 unit to such period under subsection (b)(4).

23 “(b) **QUALIFYING PROJECT EXPENDITURE**
24 **AMOUNT.**—For purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualifying
2 project expenditure amount’ means, with respect to
3 any calendar year, the sum of—

4 “(A) the total expenditures paid or in-
5 curred during such calendar year by all New
6 York Liberty Zone governmental units and the
7 Port Authority of New York and New Jersey
8 for any portion of qualifying projects located
9 wholly within the City of New York, New York,
10 and

11 “(B) any such expenditures—

12 “(i) paid or incurred in any preceding
13 calendar year which begins after the date
14 of enactment of this section, and

15 “(ii) not previously allocated under
16 paragraph (3).

17 “(2) QUALIFYING PROJECT.—The term ‘quali-
18 fying project’ means any transportation infrastruc-
19 ture project, including highways, mass transit sys-
20 tems, railroads, airports, ports, and waterways, in or
21 connecting with the New York Liberty Zone (as de-
22 fined in section 1400K(h)), which is designated as a
23 qualifying project under this section jointly by the
24 Governor of the State of New York and the Mayor
25 of the City of New York, New York.

1 “(3) GENERAL ALLOCATION.—

2 “(A) IN GENERAL.—The Governor of the
3 State of New York and the Mayor of the City
4 of New York, New York, shall jointly allocate to
5 each New York Liberty Zone governmental unit
6 the portion of the qualifying project expenditure
7 amount which may be taken into account by
8 such governmental unit under subsection (a) for
9 any calendar year in the credit period.

10 “(B) AGGREGATE LIMIT.—The aggregate
11 amount which may be allocated under subpara-
12 graph (A) for all calendar years in the credit
13 period shall not exceed \$2,000,000,000.

14 “(C) ANNUAL LIMIT.—The aggregate
15 amount which may be allocated under subpara-
16 graph (A) for any calendar year in the credit
17 period shall not exceed the sum of—

18 “(i) \$115,000,000 (\$425,000,000 in
19 the case of the last 2 years in the credit
20 period), plus

21 “(ii) the aggregate amount authorized
22 to be allocated under this paragraph for all
23 preceding calendar years in the credit pe-
24 riod which was not so allocated.

1 “(D) UNALLOCATED AMOUNTS AT END OF
2 CREDIT PERIOD.—If, as of the close of the cred-
3 it period, the amount under subparagraph (B)
4 exceeds the aggregate amount allocated under
5 subparagraph (A) for all calendar years in the
6 credit period, the Governor of the State of New
7 York and the Mayor of the City of New York,
8 New York, may jointly allocate to New York
9 Liberty Zone governmental units for any cal-
10 endar year in the 5-year period following the
11 credit period an amount equal to—

12 “(i) the lesser of—

13 “(I) such excess, or

14 “(II) the qualifying project ex-
15 penditure amount for such calendar
16 year, reduced by

17 “(ii) the aggregate amount allocated
18 under this subparagraph for all preceding
19 calendar years.

20 “(4) ALLOCATION TO PAYROLL PERIODS.—

21 Each New York Liberty Zone governmental unit
22 which has been allocated a portion of the qualifying
23 project expenditure amount under paragraph (3) for
24 a calendar year may allocate such portion to payroll

1 periods beginning in such calendar year as such gov-
2 ernmental unit determines appropriate.

3 “(c) CARRYOVER OF UNUSED ALLOCATIONS.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), if the amount allocated under subsection
6 (b)(3) to a New York Liberty Zone governmental
7 unit for any calendar year exceeds the aggregate
8 taxes imposed by section 3402 for which such gov-
9 ernmental unit is liable under section 3403 for peri-
10 ods beginning in such year, such excess shall be car-
11 ried to the succeeding calendar year and added to
12 the allocation of such governmental unit for such
13 succeeding calendar year.

14 “(2) REALLOCATION.—If a New York Liberty
15 Zone governmental unit does not use an amount al-
16 located to it under subsection (b)(3) within the time
17 prescribed by the Governor of the State of New York
18 and the Mayor of the City of New York, New York,
19 then such amount shall after such time be treated
20 for purposes of subsection (b)(3) in the same man-
21 ner as if it had never been allocated.

22 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-
23 poses of this section—

1 “(1) CREDIT PERIOD.—The term ‘credit period’
2 means the 12-year period beginning on January 1,
3 2009.

4 “(2) NEW YORK LIBERTY ZONE GOVERN-
5 MENTAL UNIT.—The term ‘New York Liberty Zone
6 governmental unit’ means—

7 “(A) the State of New York,

8 “(B) the City of New York, New York, and

9 “(C) any agency or instrumentality of such
10 State or City.

11 “(3) TREATMENT OF FUNDS.—Any expenditure
12 for a qualifying project taken into account for pur-
13 poses of the credit under this section shall be consid-
14 ered State and local funds for the purpose of any
15 Federal program.

16 “(4) TREATMENT OF CREDIT AMOUNTS FOR
17 PURPOSES OF WITHHOLDING TAXES.—For purposes
18 of this title, a New York Liberty Zone governmental
19 unit shall be treated as having paid to the Secretary,
20 on the day on which wages are paid to employees,
21 an amount equal to the amount of the credit allowed
22 to such entity under subsection (a) with respect to
23 such wages, but only if such governmental unit de-
24 ducts and withholds wages for such payroll period
25 under section 3401 (relating to wage withholding).

1 “(e) REPORTING.—The Governor of the State of New
2 York and the Mayor of the City of New York, New York,
3 shall jointly submit to the Secretary an annual report—

4 “(1) which certifies—

5 “(A) the qualifying project expenditure
6 amount for the calendar year, and

7 “(B) the amount allocated to each New
8 York Liberty Zone governmental unit under
9 subsection (b)(3) for the calendar year, and

10 “(2) includes such other information as the
11 Secretary may require to carry out this section.

12 “(f) GUIDANCE.—The Secretary may prescribe such
13 guidance as may be necessary or appropriate to ensure
14 compliance with the purposes of this section.”.

15 (b) TERMINATION OF SPECIAL ALLOWANCE AND EX-
16 PENSING.—Subparagraph (A) of section 1400K(b)(2), as
17 redesignated by subsection (a), is amended by striking the
18 parenthetical therein and inserting “(in the case of non-
19 residential real property and residential rental property,
20 the date of the enactment of the Renewable Energy and
21 Job Creation Act of 2008 or, if acquired pursuant to a
22 binding contract in effect on such enactment date, Decem-
23 ber 31, 2009)”.

24 (c) CONFORMING AMENDMENTS.—

1 (1) Section 38(c)(3)(B) is amended by striking
2 “section 1400L(a)” and inserting “section
3 1400K(a)”.

4 (2) Section 168(k)(2)(D)(ii) is amended by
5 striking “section 1400L(c)(2)” and inserting “sec-
6 tion 1400K(c)(2)”.

7 (3) The table of sections for part I of sub-
8 chapter Y of chapter 1 is amended by redesignating
9 the item relating to section 1400L as an item relat-
10 ing to section 1400K and by inserting after such
11 item the following new item:

“Sec. 1400L. New York Liberty Zone tax credits.”.

12 (d) **EFFECTIVE DATE.**—The amendments made by
13 this section shall take effect on the date of the enactment
14 of this Act.

15 **SEC. 727. TRANSPORTATION FRINGE BENEFIT TO BICYCLE**
16 **COMMUTERS.**

17 (a) **IN GENERAL.**—Paragraph (1) of section 132(f)
18 is amended by adding at the end the following:

19 “(D) Any qualified bicycle commuting re-
20 imbursement.”.

21 (b) **LIMITATION ON EXCLUSION.**—Paragraph (2) of
22 section 132(f) is amended by striking “and” at the end
23 of subparagraph (A), by striking the period at the end
24 of subparagraph (B) and inserting “, and”, and by adding
25 at the end the following new subparagraph:

1 “(C) the applicable annual limitation in
2 the case of any qualified bicycle commuting re-
3 imbursement.”.

4 (c) DEFINITIONS.—Paragraph (5) of section 132(f)
5 is amended by adding at the end the following:

6 “(F) DEFINITIONS RELATED TO BICYCLE
7 COMMUTING REIMBURSEMENT.—

8 “(i) QUALIFIED BICYCLE COMMUTING
9 REIMBURSEMENT.—The term ‘qualified bi-
10 cycle commuting reimbursement’ means,
11 with respect to any calendar year, any em-
12 ployer reimbursement during the 15-month
13 period beginning with the first day of such
14 calendar year for reasonable expenses in-
15 curred by the employee during such cal-
16 endar year for the purchase of a bicycle
17 and bicycle improvements, repair, and stor-
18 age, if such bicycle is regularly used for
19 travel between the employee’s residence
20 and place of employment.

21 “(ii) APPLICABLE ANNUAL LIMITA-
22 TION.—The term ‘applicable annual limita-
23 tion’ means, with respect to any employee
24 for any calendar year, the product of \$20

1 multiplied by the number of qualified bicy-
 2 cle commuting months during such year.

3 “(iii) QUALIFIED BICYCLE COM-
 4 MUTING MONTH.—The term ‘qualified bi-
 5 cycle commuting month’ means, with re-
 6 spect to any employee, any month during
 7 which such employee—

8 “(I) regularly uses the bicycle for
 9 a substantial portion of the travel be-
 10 tween the employee’s residence and
 11 place of employment, and

12 “(II) does not receive any benefit
 13 described in subparagraph (A), (B),
 14 or (C) of paragraph (1).”.

15 (d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Para-
 16 graph (4) of section 132(f) is amended by inserting
 17 “(other than a qualified bicycle commuting reimburse-
 18 ment)” after “qualified transportation fringe”.

19 (e) EFFECTIVE DATE.—The amendments made by
 20 this section shall apply to taxable years beginning after
 21 December 31, 2008.

22 **SEC. 728. ALTERNATIVE FUEL VEHICLE REFUELING PROP-**
 23 **ERTY CREDIT.**

24 (a) INCREASE IN CREDIT AMOUNT.—Section 30C is
 25 amended—

1 (1) by striking “30 percent” in subsection (a)
 2 and inserting “50 percent”, and

3 (2) by striking “\$30,000” in subsection (b)(1)
 4 and inserting “\$50,000”.

5 (b) EXTENSION OF CREDIT.—Paragraph (2) of sec-
 6 tion 30C(g) is amended by striking “December 31, 2009”
 7 and inserting “December 31, 2010”.

8 (c) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to property placed in service after
 10 the date of the enactment of this Act, in taxable years
 11 ending after such date.

12 **Subtitle C—Energy Conservation** 13 **and Efficiency Provisions**

14 **SEC. 731. QUALIFIED ENERGY CONSERVATION BONDS.**

15 (a) IN GENERAL.—Subpart I of part IV of sub-
 16 chapter A of chapter 1, as added by section 706, is amend-
 17 ed by adding at the end the following new section:

18 **“SEC. 54D. QUALIFIED ENERGY CONSERVATION BONDS.**

19 “(a) QUALIFIED ENERGY CONSERVATION BOND.—
 20 For purposes of this subchapter, the term ‘qualified en-
 21 ergy conservation bond’ means any bond issued as part
 22 of an issue if—

23 “(1) 100 percent of the available project pro-
 24 ceeds of such issue are to be used for one or more
 25 qualified conservation purposes,

1 “(2) the bond is issued by a State or local gov-
2 ernment, and

3 “(3) the issuer designates such bond for pur-
4 poses of this section.

5 “(b) REDUCED CREDIT AMOUNT.—The annual credit
6 determined under section 54A(b) with respect to any
7 qualified energy conservation bond shall be 70 percent of
8 the amount so determined without regard to this sub-
9 section.

10 “(c) LIMITATION ON AMOUNT OF BONDS DES-
11 IGNATED.—The maximum aggregate face amount of
12 bonds which may be designated under subsection (a) by
13 any issuer shall not exceed the limitation amount allocated
14 to such issuer under subsection (e).

15 “(d) NATIONAL LIMITATION ON AMOUNT OF BONDS
16 DESIGNATED.—There is a national qualified energy con-
17 servation bond limitation of \$3,000,000,000.

18 “(e) ALLOCATIONS.—

19 “(1) IN GENERAL.—The limitation applicable
20 under subsection (d) shall be allocated by the Sec-
21 retary among the States in proportion to the popu-
22 lation of the States.

23 “(2) ALLOCATIONS TO LARGEST LOCAL GOV-
24 ERNMENTS.—

1 “(A) IN GENERAL.—In the case of any
2 State in which there is a large local govern-
3 ment, each such local government shall be allo-
4 cated a portion of such State’s allocation which
5 bears the same ratio to the State’s allocation
6 (determined without regard to this subpara-
7 graph) as the population of such large local
8 government bears to the population of such
9 State.

10 “(B) ALLOCATION OF UNUSED LIMITATION
11 TO STATE.—The amount allocated under this
12 subsection to a large local government may be
13 reallocated by such local government to the
14 State in which such local government is located.

15 “(C) LARGE LOCAL GOVERNMENT.—For
16 purposes of this section, the term ‘large local
17 government’ means any municipality or county
18 if such municipality or county has a population
19 of 100,000 or more.

20 “(3) ALLOCATION TO ISSUERS; RESTRICTION
21 ON PRIVATE ACTIVITY BONDS.—Any allocation
22 under this subsection to a State or large local gov-
23 ernment shall be allocated by such State or large
24 local government to issuers within the State in a
25 manner that results in not less than 70 percent of

1 the allocation to such State or large local govern-
2 ment being used to designate bonds which are not
3 private activity bonds.

4 “(f) QUALIFIED CONSERVATION PURPOSE.—For
5 purposes of this section—

6 “(1) IN GENERAL.—The term ‘qualified con-
7 servation purpose’ means any of the following:

8 “(A) Capital expenditures incurred for
9 purposes of—

10 “(i) reducing energy consumption in
11 publicly-owned buildings by at least 20
12 percent,

13 “(ii) implementing green community
14 programs,

15 “(iii) rural development involving the
16 production of electricity from renewable
17 energy resources, or

18 “(iv) any qualified facility (as deter-
19 mined under section 45(d) without regard
20 to paragraphs (8) and (10) thereof and
21 without regard to any placed in service
22 date).

23 “(B) Expenditures with respect to research
24 facilities, and research grants, to support re-
25 search in—

1 “(i) development of cellulosic ethanol
2 or other nonfossil fuels,

3 “(ii) technologies for the capture and
4 sequestration of carbon dioxide produced
5 through the use of fossil fuels,

6 “(iii) increasing the efficiency of exist-
7 ing technologies for producing nonfossil
8 fuels,

9 “(iv) automobile battery technologies
10 and other technologies to reduce fossil fuel
11 consumption in transportation, or

12 “(v) technologies to reduce energy use
13 in buildings.

14 “(C) Mass commuting facilities and related
15 facilities that reduce the consumption of energy,
16 including expenditures to reduce pollution from
17 vehicles used for mass commuting.

18 “(D) Demonstration projects designed to
19 promote the commercialization of—

20 “(i) green building technology,

21 “(ii) conversion of agricultural waste
22 for use in the production of fuel or other-
23 wise,

24 “(iii) advanced battery manufacturing
25 technologies,

1 “(iv) technologies to reduce peak use
2 of electricity, or

3 “(v) technologies for the capture and
4 sequestration of carbon dioxide emitted
5 from combusting fossil fuels in order to
6 produce electricity.

7 “(E) Public education campaigns to pro-
8 mote energy efficiency.

9 “(2) SPECIAL RULES FOR PRIVATE ACTIVITY
10 BONDS.—For purposes of this section, in the case of
11 any private activity bond, the term ‘qualified con-
12 servation purposes’ shall not include any expenditure
13 which is not a capital expenditure.

14 “(g) POPULATION.—

15 “(1) IN GENERAL.—The population of any
16 State or local government shall be determined for
17 purposes of this section as provided in section 146(j)
18 for the calendar year which includes the date of the
19 enactment of this section.

20 “(2) SPECIAL RULE FOR COUNTIES.—In deter-
21 mining the population of any county for purposes of
22 this section, any population of such county which is
23 taken into account in determining the population of
24 any municipality which is a large local government

1 shall not be taken into account in determining the
2 population of such county.

3 “(h) APPLICATION TO INDIAN TRIBAL GOVERN-
4 MENTS.—An Indian tribal government shall be treated for
5 purposes of this section in the same manner as a large
6 local government, except that—

7 “(1) an Indian tribal government shall be treat-
8 ed for purposes of subsection (e) as located within
9 a State to the extent of so much of the population
10 of such government as resides within such State,
11 and

12 “(2) any bond issued by an Indian tribal gov-
13 ernment shall be treated as a qualified energy con-
14 servation bond only if issued as part of an issue the
15 available project proceeds of which are used for pur-
16 poses for which such Indian tribal government could
17 issue bonds to which section 103(a) applies.”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) Paragraph (1) of section 54A(d), as added
20 by section 706, is amended to read as follows:

21 “(1) QUALIFIED TAX CREDIT BOND.—The term
22 ‘qualified tax credit bond’ means—

23 “(A) a qualified forestry conservation
24 bond,

1 “(B) a new clean renewable energy bond,
2 or

3 “(C) a qualified energy conservation bond,
4 which is part of an issue that meets requirements of
5 paragraphs (2), (3), (4), (5), and (6).”.

6 (2) Subparagraph (C) of section 54A(d)(2), as
7 added by section 706, is amended to read as follows:

8 “(C) QUALIFIED PURPOSE.—For purposes
9 of this paragraph, the term ‘qualified purpose’
10 means—

11 “(i) in the case of a qualified forestry
12 conservation bond, a purpose specified in
13 section 54B(e),

14 “(ii) in the case of a new clean renew-
15 able energy bond, a purpose specified in
16 section 54C(a)(1), and

17 “(iii) in the case of a qualified energy
18 conservation bond, a purpose specified in
19 section 54D(a)(1).”.

20 (3) The table of sections for subpart I of part
21 IV of subchapter A of chapter 1 is amended by add-
22 ing at the end the following new item:

“Sec. 54D. Qualified energy conservation bonds.”.

23 (c) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to obligations issued after the date
25 of the enactment of this Act.

1 **SEC. 732. CREDIT FOR NONBUSINESS ENERGY PROPERTY.**

2 (a) EXTENSION OF CREDIT.—Section 25C(g) is
3 amended by striking “December 31, 2007” and inserting
4 “December 31, 2008”.

5 (b) QUALIFIED BIOMASS FUEL PROPERTY.—

6 (1) IN GENERAL.—Section 25C(d)(3) is amend-
7 ed—

8 (A) by striking “and” at the end of sub-
9 paragraph (D),

10 (B) by striking the period at the end of
11 subparagraph (E) and inserting “, and”, and

12 (C) by adding at the end the following new
13 subparagraph:

14 “(F) a stove which uses the burning of bio-
15 mass fuel to heat a dwelling unit located in the
16 United States and used as a residence by the
17 taxpayer, or to heat water for use in such a
18 dwelling unit, and which has a thermal effi-
19 ciency rating of at least 75 percent.”.

20 (2) BIOMASS FUEL.—Section 25C(d) is amend-
21 ed by adding at the end the following new para-
22 graph:

23 “(6) BIOMASS FUEL.—The term ‘biomass fuel’
24 means any plant-derived fuel available on a renew-
25 able or recurring basis, including agricultural crops
26 and trees, wood and wood waste and residues (in-

1 cluding wood pellets), plants (including aquatic
 2 plants), grasses, residues, and fibers.”.

3 (c) COORDINATION WITH CREDIT FOR QUALIFIED
 4 GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURES.—

5 (1) IN GENERAL.—Paragraph (3) of section
 6 25C(d), as amended by subsection (b), is amended
 7 by striking subparagraph (C) and by redesignating
 8 subparagraphs (D), (E), and (F) as subparagraphs
 9 (C), (D), and (E), respectively.

10 (2) CONFORMING AMENDMENT.—Subparagraph
 11 (C) of section 25C(d)(2) is amended to read as fol-
 12 lows:

13 “(C) REQUIREMENTS AND STANDARDS
 14 FOR AIR CONDITIONERS AND HEAT PUMPS.—

15 The standards and requirements prescribed by
 16 the Secretary under subparagraph (B) with re-
 17 spect to the energy efficiency ratio (EER) for
 18 central air conditioners and electric heat
 19 pumps—

20 “(i) shall require measurements to be
 21 based on published data which is tested by
 22 manufacturers at 95 degrees Fahrenheit,
 23 and

24 “(ii) may be based on the certified
 25 data of the Air Conditioning and Refrig-

1 eration Institute that are prepared in part-
 2 nership with the Consortium for Energy
 3 Efficiency.”.

4 (d) EFFECTIVE DATE.—The amendments made this
 5 section shall apply to expenditures made after December
 6 31, 2007.

7 **SEC. 733. ENERGY EFFICIENT COMMERCIAL BUILDINGS DE-**
 8 **DUCTION.**

9 Subsection (h) of section 179D is amended by strik-
 10 ing “December 31, 2008” and inserting “December 31,
 11 2013”.

12 **SEC. 734. MODIFICATIONS OF ENERGY EFFICIENT APPLI-**
 13 **ANCE CREDIT FOR APPLIANCES PRODUCED**
 14 **AFTER 2007.**

15 (a) IN GENERAL.—Subsection (b) of section 45M is
 16 amended to read as follows:

17 “(b) APPLICABLE AMOUNT.—For purposes of sub-
 18 section (a)—

19 “(1) DISHWASHERS.—The applicable amount
 20 is—

21 “(A) \$45 in the case of a dishwasher which
 22 is manufactured in calendar year 2008 or 2009
 23 and which uses no more than 324 kilowatt
 24 hours per year and 5.8 gallons per cycle, and

1 “(B) \$75 in the case of a dishwasher
2 which is manufactured in calendar year 2008,
3 2009, or 2010 and which uses no more than
4 307 kilowatt hours per year and 5.0 gallons per
5 cycle (5.5 gallons per cycle for dishwashers de-
6 signed for greater than 12 place settings).

7 “(2) CLOTHES WASHERS.—The applicable
8 amount is—

9 “(A) \$75 in the case of a residential top-
10 loading clothes washer manufactured in cal-
11 endar year 2008 which meets or exceeds a 1.72
12 modified energy factor and does not exceed a
13 8.0 water consumption factor,

14 “(B) \$125 in the case of a residential top-
15 loading clothes washer manufactured in cal-
16 endar year 2008 or 2009 which meets or ex-
17 ceeds a 1.8 modified energy factor and does not
18 exceed a 7.5 water consumption factor,

19 “(C) \$150 in the case of a residential or
20 commercial clothes washer manufactured in cal-
21 endar year 2008, 2009, or 2010 which meets or
22 exceeds 2.0 modified energy factor and does not
23 exceed a 6.0 water consumption factor, and

24 “(D) \$250 in the case of a residential or
25 commercial clothes washer manufactured in cal-

1 endar year 2008, 2009, or 2010 which meets or
2 exceeds 2.2 modified energy factor and does not
3 exceed a 4.5 water consumption factor.

4 “(3) REFRIGERATORS.—The applicable amount
5 is—

6 “(A) \$50 in the case of a refrigerator
7 which is manufactured in calendar year 2008,
8 and consumes at least 20 percent but not more
9 than 22.9 percent less kilowatt hours per year
10 than the 2001 energy conservation standards,

11 “(B) \$75 in the case of a refrigerator
12 which is manufactured in calendar year 2008 or
13 2009, and consumes at least 23 percent but no
14 more than 24.9 percent less kilowatt hours per
15 year than the 2001 energy conservation stand-
16 ards,

17 “(C) \$100 in the case of a refrigerator
18 which is manufactured in calendar year 2008,
19 2009, or 2010, and consumes at least 25 per-
20 cent but not more than 29.9 percent less kilo-
21 watt hours per year than the 2001 energy con-
22 servation standards, and

23 “(D) \$200 in the case of a refrigerator
24 manufactured in calendar year 2008, 2009, or
25 2010 and which consumes at least 30 percent

1 less energy than the 2001 energy conservation
2 standards.”.

3 (b) ELIGIBLE PRODUCTION.—

4 (1) SIMILAR TREATMENT FOR ALL APPLI-
5 ANCES.—Subsection (c) of section 45M is amend-
6 ed—

7 (A) by striking paragraph (2),

8 (B) by striking “(1) IN GENERAL” and all
9 that follows through “the eligible” and inserting
10 “The eligible”,

11 (C) by moving the text of such subsection
12 in line with the subsection heading, and

13 (D) by redesignating subparagraphs (A)
14 and (B) as paragraphs (1) and (2), respectively,
15 and by moving such paragraphs 2 ems to the
16 left.

17 (2) MODIFICATION OF BASE PERIOD.—Para-
18 graph (2) of section 45M(c), as amended by para-
19 graph (1), is amended by striking “3-calendar year”
20 and inserting “2-calendar year”.

21 (c) TYPES OF ENERGY EFFICIENT APPLIANCES.—
22 Subsection (d) of section 45M (defining types of energy
23 efficient appliances) is amended to read as follows:

1 “(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—

2 For purposes of this section, the types of energy efficient

3 appliances are—

4 “(1) dishwashers described in subsection (b)(1),

5 “(2) clothes washers described in subsection

6 (b)(2), and

7 “(3) refrigerators described in subsection

8 (b)(3).”.

9 (d) AGGREGATE CREDIT AMOUNT ALLOWED.—

10 (1) INCREASE IN LIMIT.—Paragraph (1) of sec-

11 tion 45M(e) is amended to read as follows:

12 “(1) AGGREGATE CREDIT AMOUNT ALLOWED.—

13 The aggregate amount of credit allowed under sub-

14 section (a) with respect to a taxpayer for any tax-

15 able year shall not exceed \$75,000,000 reduced by

16 the amount of the credit allowed under subsection

17 (a) to the taxpayer (or any predecessor) for all prior

18 taxable years beginning after December 31, 2007.”.

19 (2) EXCEPTION FOR CERTAIN REFRIGERATOR

20 AND CLOTHES WASHERS.—Paragraph (2) of section

21 45M(e) is amended to read as follows:

22 “(2) AMOUNT ALLOWED FOR CERTAIN REFRIG-

23 ERATORS AND CLOTHES WASHERS.—Refrigerators

24 described in subsection (b)(3)(D) and clothes wash-

1 ers described in subsection (b)(2)(D) shall not be
2 taken into account under paragraph (1).”.

3 (e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

4 (1) IN GENERAL.—Paragraph (1) of section
5 45M(f) (defining qualified energy efficient appliance)
6 is amended to read as follows:

7 “(1) QUALIFIED ENERGY EFFICIENT APPLI-
8 ANCE.—The term ‘qualified energy efficient appli-
9 ance’ means—

10 “(A) any dishwasher described in sub-
11 section (b)(1),

12 “(B) any clothes washer described in sub-
13 section (b)(2), and

14 “(C) any refrigerator described in sub-
15 section (b)(3).”.

16 (2) CLOTHES WASHER.—Section 45M(f)(3) is
17 amended by inserting “commercial” before “residen-
18 tial” the second place it appears.

19 (3) TOP-LOADING CLOTHES WASHER.—Sub-
20 section (f) of section 45M is amended by redesign-
21 ating paragraphs (4), (5), (6), and (7) as para-
22 graphs (5), (6), (7), and (8), respectively, and by in-
23 serting after paragraph (3) the following new para-
24 graph:

1 “(4) TOP-LOADING CLOTHES WASHER.—The
2 term ‘top-loading clothes washer’ means a clothes
3 washer which has the clothes container compartment
4 access located on the top of the machine and which
5 operates on a vertical axis.”.

6 (4) REPLACEMENT OF ENERGY FACTOR.—Sec-
7 tion 45M(f)(6), as redesignated by paragraph (3), is
8 amended to read as follows:

9 “(6) MODIFIED ENERGY FACTOR.—The term
10 ‘modified energy factor’ means the modified energy
11 factor established by the Department of Energy for
12 compliance with the Federal energy conservation
13 standard.”.

14 (5) GALLONS PER CYCLE; WATER CONSUMP-
15 TION FACTOR.—Section 45M(f), as amended by
16 paragraph (3), is amended by adding at the end the
17 following:

18 “(9) GALLONS PER CYCLE.—The term ‘gallons
19 per cycle’ means, with respect to a dishwasher, the
20 amount of water, expressed in gallons, required to
21 complete a normal cycle of a dishwasher.

22 “(10) WATER CONSUMPTION FACTOR.—The
23 term ‘water consumption factor’ means, with respect
24 to a clothes washer, the quotient of the total weight-

1 ed per-cycle water consumption divided by the cubic
 2 foot (or liter) capacity of the clothes washer.”.

3 (f) EFFECTIVE DATE.—The amendments made by
 4 this section shall apply to appliances produced after De-
 5 cember 31, 2007.

6 **SEC. 735. ACCELERATED RECOVERY PERIOD FOR DEPRE-**
 7 **CIATION OF SMART METERS AND SMART**
 8 **GRID SYSTEMS.**

9 (a) IN GENERAL.—Section 168(e)(3)(D) is amended
 10 by striking “and” at the end of clause (i), by striking the
 11 period at the end of clause (ii) and inserting a comma,
 12 and by inserting after clause (ii) the following new clauses:

13 “(iii) any qualified smart electric
 14 meter, and

15 “(iv) any qualified smart electric grid
 16 system.”.

17 (b) DEFINITIONS.—Section 168(i) is amended by in-
 18 serting at the end the following new paragraph:

19 “(18) QUALIFIED SMART ELECTRIC METERS.—

20 “(A) IN GENERAL.—The term ‘qualified
 21 smart electric meter’ means any smart electric
 22 meter which is placed in service by a taxpayer
 23 who is a supplier of electric energy or a pro-
 24 vider of electric energy services.

1 “(B) SMART ELECTRIC METER.—For pur-
2 poses of subparagraph (A), the term ‘smart
3 electric meter’ means any time-based meter and
4 related communication equipment which is ca-
5 pable of being used by the taxpayer as part of
6 a system that—

7 “(i) measures and records electricity
8 usage data on a time-differentiated basis
9 in at least 24 separate time segments per
10 day,

11 “(ii) provides for the exchange of in-
12 formation between supplier or provider and
13 the customer’s electric meter in support of
14 time-based rates or other forms of demand
15 response,

16 “(iii) provides data to such supplier or
17 provider so that the supplier or provider
18 can provide energy usage information to
19 customers electronically, and

20 “(iv) provides net metering.

21 “(19) QUALIFIED SMART ELECTRIC GRID SYS-
22 TEMS.—

23 “(A) IN GENERAL.—The term ‘qualified
24 smart electric grid system’ means any smart
25 grid property used as part of a system for elec-

1 tric distribution grid communications, moni-
 2 toring, and management placed in service by a
 3 taxpayer who is a supplier of electric energy or
 4 a provider of electric energy services.

5 “(B) SMART GRID PROPERTY.—For the
 6 purposes of subparagraph (A), the term ‘smart
 7 grid property’ means electronics and related
 8 equipment that is capable of—

9 “(i) sensing, collecting, and moni-
 10 toring data of or from all portions of a
 11 utility’s electric distribution grid,

12 “(ii) providing real-time, two-way
 13 communications to monitor or manage
 14 such grid, and

15 “(iii) providing real time analysis of
 16 and event prediction based upon collected
 17 data that can be used to improve electric
 18 distribution system reliability, quality, and
 19 performance.”.

20 (c) CONTINUED APPLICATION OF 150 PERCENT DE-
 21 CLINING BALANCE METHOD.—Paragraph (2) of section
 22 168(b) is amended by striking “or” at the end of subpara-
 23 graph (B), by redesignating subparagraph (C) as subpara-
 24 graph (D), and by inserting after subparagraph (B) the
 25 following new subparagraph:

1 “(C) any property (other than property de-
 2 scribed in paragraph (3)) which is a qualified
 3 smart electric meter or qualified smart electric
 4 grid system, or”.

5 (d) **EFFECTIVE DATE.**—The amendments made by
 6 this section shall apply to property placed in service after
 7 the date of the enactment of this Act.

8 **SEC. 736. QUALIFIED GREEN BUILDING AND SUSTAINABLE**
 9 **DESIGN PROJECTS.**

10 (a) **IN GENERAL.**—Paragraph (8) of section 142(l)
 11 is amended by striking “September 30, 2009” and insert-
 12 ing “September 30, 2012”.

13 (b) **TREATMENT OF CURRENT REFUNDING**
 14 **BONDS.**—Paragraph (9) of section 142(l) is amended by
 15 striking “October 1, 2009” and inserting “October 1,
 16 2012”.

17 (c) **ACCOUNTABILITY.**—The second sentence of sec-
 18 tion 701(d) of the American Jobs Creation Act of 2004
 19 is amended by striking “issuance,” and inserting
 20 “issuance of the last issue with respect to such project,”.

21 **Subtitle D—Revenue Provision**

22 **SEC. 741. DELAY IN APPLICATION OF WORLDWIDE ALLOCA-**
 23 **TION OF INTEREST.**

24 (a) **IN GENERAL.**—Paragraph (6) of section 864(f),
 25 as amended by the Housing Assistance Tax Act of 2008,

1 is amended by striking “December 31, 2010” and insert-
2 ing “December 31, 2018”.

3 (b) CONFORMING AMENDMENT.—Paragraph (5)(D)
4 of section 864(f) is amended by striking “December 31,
5 2008” and inserting “December 31, 2018”.

6 (c) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2008.

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